This is

NOVA SCOTIA

Canada's Seacoast

A GUIDE TO STARTING AND OPERATING AN

Accommodation Business

NOVA SCOTIA
Tourism Partnership

NOVA SCOTIA
Tourism, Culture and Heritage

106-02525/

A Guide to Starting and Operating an Accommodation Business in Nova Scotia

Prepared by:

THE ECONOMIC PLANNING GROUP of Canada
Halifax, Nova Scotia

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SECTION 1

INTRODUCTION

SECTION 1

INTRODUCTION

1.1 Purpose of the Manual

This is one of a series of tourism development manuals commissioned by the Tourism Division, Department of Tourism, Culture and Heritage to assist Nova Scotians in the establishment of tourism businesses and in planning for the delivery of tourism services in the province. This manual deals with establishing a roofed accommodation business. There are other manuals that deal with establishing different kinds of tourism businesses such as a campground, local sightseeing tour operator, restaurant, tourism retail business, adventure tourism operation and a receptive tour operator. There are also manuals on how to plan for, develop and market tourism in your community, on the operation and establishment of a local visitor information centre, on establishing an attraction and on marketing for tourism businesses. The manuals were originally prepared in 1996 and 1999 and were updated in 2005. A new manual on community festivals and events was prepared in 2005.

The purpose of this manual is to provide you with some of the information necessary in establishing, improving, and operating an Accommodation business in Nova Scotia. It should be noted that this information is a guide only.

It is strongly suggested that the reader undertake efforts to verify any information on which their business plan is based and not rely solely on the information in this manual. There are areas where you may want to consider retaining the appropriate professional expertise to assist you. While the information contained in this manual is believed to be accurate, as of the Winter of 2005, it is not so warranted. The reader should note that federal, provincial and municipal regulations, taxes, etc. change frequently and it is recommended that you check with the appropriate authorities, listed in Appendix V, including representatives of the Tourism Division, Department of Tourism, Culture and Heritage and your local Business Service Centre (on-line at http://www.gov.ns.ca/snsmr/) or at numerous Access Nova Scotia centres around the province, to obtain up-to-date information on these matters.

The publisher is not engaged in rendering legal, accounting or other professional advice. If legal advice or expert assistance is required, the services of a competent professional should be sought. The information and analysis contained herein is intended to be general and represents the research of the authors and should in no way be construed as being definitive or as being official or unofficial policy of any government body. Any reliance on the Guide shall be at the reader's own risk.

1.2 Contents of the Manual

Each manual provides information and advice on a variety of topics which will be important in understanding the requirements for success, in assessing opportunities, in planning and development and in starting operations. The following topics will be covered:

- The market for accommodations in Nova Scotia;
- Requirements for success;
- Preparing a business concept and strategic plan;
- Feasibility analysis;
- Legal, regulatory, and tax matters;
- Design;
- Planning for operations;
- The marketing plan;
- The future.

Appendices at the back of the manual cover the following:

- Market data;
- Business structures;
- Financing;
- Calculation of net income, cash flow and return on investment;
- List of contacts;
- Standards and Certification.

1.3 Important Information

There are a number of important regulations and licensing requirements which are **vital** when establishing an accommodation business. They include:

- Accommodation licensing regulations;
- Fire Marshal Regulations;
- Department of Agriculture and Fisheries regulations governing such things as Food Establishment Permits
- Department of Environment and Labour regulations governing such things as occupational health and safety and labour standards
- Liquor licensing regulations if you are planning on serving liquor

These regulations and requirements are discussed in detail in Section 6. Be sure that you review this section carefully.

SECTION 2

The Market for Accommodation in Nova Scotia

SECTION 2

THE MARKET FOR ACCOMMODATION IN NOVA SCOTIA

2.1 Types of Accommodation

There are a number of types of roofed accommodation establishments, including:

- Hotels;
- Motels/Motor Hotels;
- Country Inns;
- Bed & Breakfasts (B&Bs) and Guest Homes;
- Cottages and Cabins/Vacation Homes;
- Resorts;
- Outfitters/Sports Lodges.

The Department of Tourism, Culture and Heritage has developed guidelines for each type of accommodation. **These guidelines may have an impact on the name you decide to use for your accommodation property so you should review them carefully.**

This manual emphasizes those aspects of the accommodation business that have to do with the provision of the accommodation itself and associated services. If you are planning to open a restaurant in association with your accommodation, you should review the **Guide to Starting and Operating a Restaurant Business** which is also available from the Department of Tourism, Culture and Heritage. Highly specialized topics such as fixtures and equipment, or providing major resort amenities such as golf courses, for example, are mentioned in this manual but are not dealt with specifically.

Accommodations can be small, owner managed businesses or larger operations with hired management. The latter category includes independent properties, franchise properties, and chain properties. This manual will focus on the small-and medium-size owner operated business, with some references to franchises.

2.2 The Nova Scotia Accommodation Product

In 2004, there were 1,355 roofed accommodation properties in Nova Scotia, providing over 20,000 accommodation units. This includes almost 4,000 units at 8 university properties that are available to visitors. The number of accommodation properties has increased by almost 90% in the past ten years, with the number of units available increasing by 57% including the 4,000 units at universities, and by 30% if the units at universities are not included.
Approximately 63% of the rooms (excluding those at universities) were found in hotel and motel

properties. The largest number of properties, however, was in the B&B sector, with over 500 B&Bs in the province. Appendix I provides some additional details on the accommodation sector in Nova Scotia and existing markets for accommodations.

In total, accommodation properties in Nova Scotia sold more than 2.55 million room nights in 2004, representing an average annual occupancy of approximately 51%. Occupancy rates vary considerably among the different types of accommodation properties, ranging from a high of more than 60% in the hotel sector to 30% in the B&B sector.

2.3 Market Segments

The marketplace for accommodations is made up of a variety of market segments, each with its own characteristics - including different needs and preferences. It is important that a person planning an accommodation business identify the mix of market segments that are likely to patronize their establishment, in order to better design the mix of facilities and services to be offered, and to target marketing activities.

There are several different ways to define market segments, including:

- **Geographic** - according to where the customer lives: this defines the local mass media which can be used to promote to the market;
- **Demographic** - according to the age, income, and family structure of the customer: this helps define their needs and preferences;
- **Channel of distribution** - according to how the customer books the product, for example: through a travel agent, by participating in a motorcoach tour, etc. This defines how you might reach certain markets;
- **Psychographic** - according to the interests and preferences of the customer: this suggests ways you can differentiate yourself from the competition and the kinds of services and programming you might want to offer;
- **Purpose of trip** - the reason the customer is away from home: this defines the motivations that may generate trips to your property and the kinds of services likely to be required.

The first two methods of defining your market are reasonably simple since information on geographic and demographic segments is readily available. This is also the case with the third method since here the market is the travel trade intermediary.

However, the most effective ways of segmenting the market are the latter two methods: psychographic and purpose of the trip, because using these market segmentation methods makes it possible to focus your marketing appeals and marketing activities on those consumers likely to have the greatest interest in your product. Unfortunately, these methods are also the most challenging when it comes to determining the most effective means of identifying prospects and getting your marketing message to them. The most successful accommodations understand this principle and design features and services to most satisfy the needs of the market sector they seek to attract.

People don't travel away from home in order to stay at an accommodation; they travel for other reasons. The situation is a little different for resorts and sports lodges, but even with these properties, it is the amenities and activities which generate the trip, not the accommodation itself.

The implication of this is that marketing accommodation frequently involves focussing more on competing with other accommodations for market share than on generating trips by consumers. The exception is when an accommodation can offer reasons for a person to travel, such as country inn or resort-style amenities, activity packages, and attractions packages. We will deal with this later in the manual.

Exhibit 1 presents an example of a typical market mix for each of the accommodation types identified above.

2.4 The Markets for Accommodation in Nova Scotia

The markets for accommodation include visitors from outside the province, as well as residents of the province travelling around Nova Scotia. Nova Scotia had over 2.2 million visitors during 2004, up 5% from 2003. This includes visitors travelling for all purposes - for vacation/pleasure, to visit friends and relatives, for business and for personal reasons. There are approximately 1.5 million visitors from outside the province between the months of May and October.

Nova Scotians themselves are also a major factor in the province's tourism industry, making over 5.8 million person trips annually within the province. Some 3.8 million of these are same day trips and just over 2 million are overnight trips.

While these people are all travelling in Nova Scotia, they do not all represent a market for roofed accommodation. Many of them stay with friends and relatives for some part, if not all, of their trip. Some are campers and others stay in youth hostels. The 2000 Visitor Exit Survey reports that 46% of visitor parties from out of the province stayed at least one night with friend and relatives, with 51% staying at least one night in hotels/motels, 10% staying in B&Bs and 4% in country inns. And, for Nova Scotians travelling within the province, 56% reported staying with friends and relatives and another 9% stayed at private cottages. Additional data on the markets for accommodation in Nova Scotia is provided in Appendix I.

2.5 The Nova Scotia Tourism Partnership Council

The Nova Scotia Tourism Partnership Council (TPC) is an industry and government partnership that shares in planning and decision making for tourism marketing, research and product development in Nova Scotia. The TPC works with industry stakeholders to realize Nova Scotia's potential as a world class four season destination. It was established following a 1996 Tourism Strategy for Nova Scotia that, among other things, called for a true partnership between the tourism industry and government in everything from marketing to research and tourism development.

The Council consists of 16 members, 14 of whom are tourism industry leaders, managers and business owners. Members of the TPC are selected through an industry call for applications. They must be owners, operators or senior managers of tourism related businesses, and consideration is given to various other criteria, in the selection of members.

The TPC has three core committees - an Executive Committee, a Long-Term Integrated Planning Committee and a Short-Term Integrated Planning Committee.

The TPC oversees the development of the Tourism Plan annually which is presented to the industry at the TIANS fall tourism conference. The Council is also involved in a wide variety of other programs and initiatives. Visit their website at www.nstpc.com for up-to-date information.

2.6 Nova Scotia's Vison for Tourism - Challenging Ourselves

"100% Tourism Revenue Growth by 2012"

The Tourism Partnership Council's Vision Committee spent two years (2000-2002) developing a process to create a Vision for Nova Scotia's Tourism industry. The Committee looked at issues that the tourism sector could influence or change that would help to create growth and improve industry performance. After a process that included industry workshops and consultations, 11 Vision recommendations were identified for implementation.

These recommendations cover product development, environment, the administration of tourism, marketing, technology, quality, human resources, transportation and research. Responsibility for leading the implementation of the recommendations has been divided between the Tourism Partnership Council, TIANS and the Department of Tourism, Culture and Heritage. For up-to-date information on the implementation of Nova Scotia's Vision for Tourism, check the Tourism Vision section of the TPC's website (www.nstpc.com and select Tourism Vision from the menu bar).

The Tourism Vision is a catalyst to assist Nova Scotia's tourism industry to evolve and grow. It is not cast in stone and is an "unfolding process". Achieving the Vision will require change - by all tourism stakeholders including individual businesses - in how tourism is managed and delivered in Nova Scotia so as to improve quality and generate increased tourism revenues.

Success will be measured "not only by growth in revenues but our ability to work together, maintain our culture and authentic character, develop new markets and products, attract new visitors and improve the recognition of our sector's contributions to our province and various levels of government".

For more information on how you can be involved in the Vision for Tourism visit www.nstpc.com

EXHIBIT 1

EXAMPLES OF MARKET SEGMENTS FOR ACCOMMODATIONS AND THE TYPES OF FACILITIES AND SERVICES THEY MIGHT USE

Market Segment	Hotel/Motel	Country Inn/B & B	Resort	Fishing/Hunting Lodge
Local/regional Residents (Geographic)	Food and Beverage/ Entertainment	Food and Beverage (Inn Only)	Food and Beverage/ Entertainment	
Tourists Travelling to or Through the Area (Geographic)	Accommodation/food and Beverage	Accommodation/food and Beverage	Accommodation/food and Beverage, Entertainment, Recreational Facilities	
Business Travellers Coming to the Area (Purpose of Trip)	Accommodation/food and Beverage	Accommodation/food and Beverage		
Meetings (Purpose of Trip)	Meeting Facilities/ Accommodation/food and Beverage/entertainment/ Recreational Facilities	Meeting Facilities/ Accommodation/food and Beverage	Meeting Facilities/ Accommodation/food and Beverage/entertainment/ Recreational Facilities	Meeting Facilities/ Accommodation/food and Beverage
Conferences/conventions (Purpose of Trip)	Meeting Facilities/ Accommodation/food and Beverage/recreational Facilities		Meeting Facilities/ Accommodation/food and Beverage/entertainment/ Recreational Facilities	
Vacations (Purpose of Trip)			Accommodation/food and Beverage/entertainment/ Recreational Facilities	Accommodation/fishing/ Hunting/guide Services
Getaways (Purpose of Trip)	Accommodation/food and Beverage/entertainment/ Recreational Facilities	Accommodation/food and Beverage	Accommodation/food and Beverage/entertainment/ Recreational Facilities	
Seniors (Demographic)	Special Packages	Special Packages	Special Packages	
Families (Demographic)	Special Packages		Special Packages	

EXHIBIT 1

EXAMPLES OF MARKET SEGMENTS FOR ACCOMMODATIONS AND THE TYPES OF FACILITIES AND SERVICES THEY MIGHT USE

Market Segment	Hotel/Motel	Country Inn/B & B	Resort	Fishing/Hunting Lodge
Motorcoach Tours (Channel of Distribution)	Accommodation/food and Beverage		Accommodation/food and Beverage/entertainment/ Special Programs	
Birdwatchers (Psychographic)		Special Packages	Special Packages	
Golfers (Psychographic)			Golf Vacation Packages	
Theatre Buffs (Psychographic)	Theatre/food and Beverage/ Packages (Local Market); Theatre/accommodation/food and Beverage Packages (Tourist Markets)			
Hunters and Fishermen (Psychographic)				Fishing Packages Hunting Packages

2.7 *Market and Product Trends*

Market Trends

If you are going to operate an accommodation property, it is important that you have some knowledge about visitor markets and about trends in these markets. What are today's travellers looking for? What are they likely to want to see or do? What are their expectations about service and value? The points below highlight some of the major trends which are being experienced in our society and the implications of these trends on the travel and tourism industry.

- The population composition of North America is changing, largely due to the *aging of the baby boom generation* and the resultant growth in the mature population. These baby boomers are wealthy and seeking new experiences but are less inclined to rough it. They are interested in cultural and heritage experiences, in learning, in soft adventures such as nature viewing, bicycling and hiking. They also enjoy 'lifestyle' amenities in their travel, such as fine dining, quality entertainment; the finer things of life and will pay for value.

- The baby boomers have demanded more from their travel than previous generations, and particularly in their leisure travel. They have been responsible for the *growth in experiential tourism* - a desire for experiences that are meaningful and memorable. "Experiential tourism encourages visitors to participate and promotes activities that draw people into cultures, communities and the outdoors … It shows rather than describes. It encourages people to actively participate in the experience … it is very personal and individual… they seek diverse experiences that match their interests and provide a sense of personal accomplishment"[1]

- The *growth in the use of the Internet* has had profound implications for the tourism industry and for consumers. It has provided the industry with a powerful and very cost-effective new marketing tool. And it has *empowered consumers* by make it very easy to research travel offerings and shop for deals.

- There are an *increasing number of working couples,* resulting in less flexibility in vacation and leisure time. As a result, there has been a strong shift from the traditional, two-to-three-week annual vacation to *more frequent, shorter vacations.* One result of this is that travellers are more concerned with having special experiences on their vacations. Since they only have a short amount of time off, they want to make sure they have the best possible time.

- The computer and the Internet have also introduced the age of yield/revenue management, leading to the enormous variation in prices for most products, including travel products. This has contributed to growing the leisure travel market considerably.

- In the next ten years or so, there will be a new wave of travellers impacting the accommodation sector - the 25 - 39 year olds. This technologically savvy market segment will make extensive use of the Internet in planning their trips. These GenX customers are "looking for the best property at the best price and have no loyalty" according to the Hotel

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[1] Minister's Round Table on Parks Canada 2005, Pre-reading Material - Facilitate Visitor Experience, page 1

Association of Canada. It is anticipated that companies such as hotels will need to invest in technology that identifies an individual's habits, tastes and preferences and use this to target individuals in their marketing efforts.

- As the population ages, there is expected to be increasing demands for accessible facilities those which cater not only to guests with limited mobility, but also those with limited vision, hearing, etc.
- There has been a resurgence in the *value and importance of family*. Opportunities arising out of this trend include family outings/vacations and educational travel.
- Travellers are seeking more *personal fulfilment and enrichment*. Interest has grown significantly in cultural and heritage experiences and personal growth. Travellers are interested in experiencing a completely different culture, going off the beaten track, and visiting cultural and historical sites and places of natural beauty and uniqueness.
- Today's travellers, like the population as a whole, are better educated than earlier generations. These well-educated tourists *strongly prefer authenticity*. People want experiences that are genuine, not contrived, and are more discriminating in this respect than in the past.
- Well-travelled consumers have *high expectations about the standards of hospitality and service excellence* they will receive from staff in the tourism industry. They *are more sophisticated* and demanding and both expect and demand quality in products and services
- There are more and more *women business travellers* who expect and demand different amenities and services.

Some of the ways in which accommodation properties can be responsive to changing market demands include:

- Be responsive to rapid advancements in technology, e.g., provide equipment in rooms such as high speed Internet connections, voice messaging, call forwarding, etc.
- Be environmentally sensitive by conserving energy, recycling, encouraging guests to reuse towels, etc.
- Participate in loyalty programs such as Aeroplan, or introduce your own version of loyalty programs to encourage repeat visitation and to help build a database of your customers' preferences and interests.
- Recognize frequent guests and acknowledge individual tastes and needs such as personal attention, knowing the client's name, etc.
- Offer services that cater to the increasing singles market, such as inviting single restaurant guests to be seated with other singles at the chef's table.
- Have facilities and services that are fully accessible.

- Offer packages that include activities that respond to visitor interests, such as whale watching, a dinner theatre, etc.

Product Trends

These changing consumer expectations, as well as changing conditions in the marketplace, are resulting in many changes to the accommodation product in North America and the way it is positioned and marketed. Some of the more general trends being experienced in this sector of the travel industry are described below.

General Trends

- **Marketing Partnerships:** Smaller companies are grouping together to expand their market reach and to gain economies of scale in marketing and other areas. Marketing partnerships are also being developed with complementary businesses, such as attractions, as well as non-traditional organizations outside of the travel industry.

- **Renovations***:* Accommodation operators have been enhancing their properties through upgrades and extensive renovations.

- **Technology :** Use of computer technology is now standard for almost all accommodation properties, even the smallest. Internet access, web sites, computerized bookkeeping and reservations systems are seen in many properties and their use will continue to increase as the technology becomes less expensive and easier to use.

- **Other Amenities:** Other amenities such as jacuzzis and queen/king-size beds are being seen more often. These types of amenities increase the appeal of the property to some market segments and enable the operator to obtain a higher price for the unit.

Hotels and Motels

- In-room high speed Internet connections have become a standard feature for hotels, and for meeting facilities as well.

- Increased emphasis on **branding**: In North America, most properties in larger urban centres are affiliated and marked under a major brand;.

- **Growth in No-Frills Properties:** No frills or limited service properties are enjoying strong growth among both leisure and business travellers. These properties generally have 100 rooms or less, limited services (they often do not have food and beverage facilities but may provide a continental, self-serve breakfast), and offer **economy** prices.

- **Growth in All-Suite Accommodation:** also offer limited services. These types of properties are also experiencing growth.

- Providing on-site spa services is becoming common-place now at first class urban hotels. If the services cannot be provided at the property, some hotels have arrangements with local spa facilities.

Inns and Bed & Breakfasts

- **Private Baths:** Inn and B&B operators now find that most guests expect private bathrooms and that they are at a significant disadvantage in the marketplace if they do not provide these facilities.

- **Catering to Business Travellers:** Many inns and some bed and breakfasts are catering to business travellers and small meeting groups. Internet access in rooms, audio-visual equipment, and boardrooms are being installed. Business travellers are attracted by the individual attention and homelike atmosphere afforded by these types of accommodations.

- **Marketing Partnerships:** Like the hotel/motel sector, innkeepers and bed and breakfast operators are joining together in loose marketing partnerships to create a greater impact in the marketplace. An example is the Nova Scotia Association of Unique Country Inns.

Resorts and Cottages

- Vacation properties are relying less on natural attractions and peace and quiet to build demand; they are increasingly competing on the basis of built amenities, such as golf courses, spas, convention facilities, etc.

- Recreational real estate concepts; timesharing, rental management condominiums, club memberships, are becoming increasingly important in the economics of this sector.

SECTION 3

Requirements for Success

SECTION 3

REQUIREMENTS FOR SUCCESS

The accommodation business is a challenging one, and success is dependent on a variety of things. Trusting to good luck is not recommended. The way you design and develop your business, how you operate it, and how you market it will all play major roles in determining how well you do. Rather than leave it to chance, the smart operator is sensitive to success variables in the business. We consider the key success variables in the accommodation business below.

Each of these are principles of what it takes to succeed. They should be read as an overview of what you need to accomplish. How you accomplish them is the subject of the rest of the manual.

3.1 The Marketing Concept Approach to Designing Your Accommodation Business

To be successful today, owners and managers of tourism businesses have to have a marketing orientation – a customer focus. That means everyone in the business must make decisions by asking the question, "How can I best meet the needs of the market and the individual customer?" Marketing orientation can be defined as follows:

> *"Marketing orientation is a way of thinking - a frame of mind. It is, if you like, a business philosophy. If you adopt a marketing orientation, it means that whenever you think about your business, you do so from your customers' point of view, not from your own. It means accepting the idea that the purpose of your business is to serve the wants and needs of your customers, and to meet or exceed their expectations.*
>
> *In other words, it means putting your customers first. For this reason, it is sometimes also called a customer orientation.*[3]

Why is this so important? Why can't we just do what we think is best? Because satisfying a customer's expectations involves doing a lot of things right, and that doesn't happen easily.

Some tourism businesses think it is good enough to have a decent sign in front of their property and buy an ad in the Nova Scotia Travel Guide ("Doers and Dreamers" Guide) and then wait for customers to come. Others - those taking a marketing orientation to their business - make an effort to identify their best market prospects, modify their product to best serve the needs and demands of the different groups they are targeting, and then design their marketing activities to focus on these groups. While having a good sign and an ad in the "Doers and Dreamers" Guide will very likely be part of this approach, these should not be relied on, by themselves, to bring the business in the door.

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[3] The Economic Planning Group, Tourism is Your Business: Marketing Management, prepared for Tourism Canada, 1986

The more interesting and appealing your accommodation property is to the different market segments available, and the higher the quality of experience you provide to your customers, the more customers you will attract. And, customer loyalty comes from providing what the customer is looking for. With customer loyalty comes repeat business, word of mouth referrals, and a willingness to pay the price for the product. If enough customers do this, your business will be a success.

3.2 The Strategic Plan

Developing your business in the context of **the marketing concept** requires a strategic plan for the business, one that identifies the best market opportunities along with all the key business features necessary to successfully and profitably pursue those opportunities. The strategic plan is an overall, long term plan for the business, setting out the following:

1. The long term vision and goals, and the measurable objectives for the business
2. The markets to be pursued and the marketing strategies and networks to be employed
3. The markets and services to be developed and delivered that will have the features necessary for them to succeed in the competitive marketplace
4. The resources that will be bought to bear in achieving success and profitability
5. The tracking tools to measure progress

The specifics of what is required for success are set out below.

3.3 Market Segmentation

As mentioned earlier, a market segment is a community of prospective customers who share some common characteristics and, presumably, can be appealed to in similar ways. A market segment can be an age group, those travelling for a particular reason, residents of a particular community, members of an organization, those sharing an interest in birdwatching, and so on. It can also be a non-leisure segment, such as meetings and conventions, or business travel.

In the planning stages, careful attention should be given to the mix of market segments that offers the most potential for your business - particularly those segments for which your property will have a competitive advantage. Other considerations are market size (Is the market large enough to offer significant potential?), whether it is growing or declining, and what potential it has to generate income (Will people pay more than rock bottom rates?).

3.4 Unique Selling Propositions

Marketers talk about **USPs**, which are the 'unique selling propositions' put forward by a business to maximize market interest and establish competitive advantage. A USP is, in effect, a statement as to what makes you special - the unique appeal of your property for the customer.

A USP for a hotel might be its all-suite rooms, its superb meeting rooms, or its business centre. A country inn can feature its antique furnishings, its heritage architecture, and its home cooking. A B&B might feature its family hospitality. A resort will focus on its natural setting and its championship golf course. A fishing lodge would typically feature the quality of the fishing experience and the quality of its guides.

Having at least one, and preferably more than one, USP for each of the major markets you are targeting is fundamental to success.

3.5 Competitive Advantage

A related factor is competitive advantage. This is the advantage one business has over another in the marketplace in its ability to draw customers. It may be a more accessible or convenient location, an exclusive feature not available to competitors, a broader range of services, or simply better or more friendly service.

It is important that you offer as many competitive advantages as you can to your target markets if you want them to patronize your business rather than someone else's, particularly if you're new to the market and they are already well established. It's tough to change peoples' loyalties and habits: you have to give them a strong set of reasons to do so.

3.6 Differentiation

The strategy employed to build competitive advantages is called differentiation. It means planning your business in such a way as to make it different from your competition, in ways that will appeal to your target markets.

Preferably you should develop differences that will be difficult for your competition to copy or to counter, as opposed to things such as price, for example, which can be matched quite easily.

Examples of more permanent differences include:

- Larger rooms, suites with extra amenities such as fireplaces or jacuzzi tubs;
- A heritage building;
- Major amenities, such as an indoor pool, conference complex, golf course, or business centre.

3.7 Positioning and Brand

The previous four issues - market segmentation, USPs, competitive advantages and differentiation will be implemented within your positioning and branding strategy. Positioning refers to how you make yourself unique in the competitive marketplace - your higher quality, or the most convenient location, or better value, or cheapest, and so on. Branding is how you communicate that positioning in a graphic and/or brief text statement.

In the Nova Scotia Tourism Partnership Council's 2005 Tourism Plan, under 'Brand Positioning Statement' on page 9, the text reads, "The brand positioning statement is the "unique point of

difference" we are trying to create in the minds of potential visitors. It aims to define who our customers are, how we would like them to perceive us - and our unique attributes."
Having a positioning and brand strategy is important to businesses promoting themselves in a very competitive marketplace, in which the target audience is bombarded with constant marketing message. The brand and positioning statement helps you get through the clutter for the necessary moment it takes to connect with the audience.

3.8 Quality Website and Internet Strategy

The Internet has rapidly become a vital tool for every tourism business. It provides ready access to all kinds of information of value to the business. It also makes possible the website, which companies are increasingly finding to be their primary marketing tool today. Having a good website is a vital part of every tourism business; not having one, or a reasonably good one, is a dis-qualifier in many markets.

Having a website is not the only issue associated with the Internet, as discussed below. It also makes possible email, and modern e-marketing techniques. And working in conjunction with a company's website, a website visitor registration program and a database system, it provides the basis for direct, one-on-one, highly targeting direct marketing to prospects.

3.9 Customer Relationship Marketing and Loyalty Management

Following from the modern direct marketing methods and internal customer databases available today is the concept of customer relationship management, or CRM, which has become a key strategic focus of many businesses today, including tourism businesses. The idea here is that once you have a good prospective customer through your marketing efforts, or a prospective repeat customer, along with some information on the purchase preferences of that prospect, you have an opportunity to actually build a relationship with that individual, such that they buy from you; ideally, again and again. They become a loyal customer. Company 'loyalty' programs have further built upon this concept; AIR MILES and Aeroplan are examples.

3.10 Sufficient Market Potential

The preceding features will not be adequate for success if the market isn't big enough to support your business. Low occupancy rates and low room rates in the area are signs of an inadequate market size. On the other hand, high occupancies and premium prices are indicators of a growing market with an undersupply of accommodation. You will want to establish your accommodation property in this latter kind of market environment.

3.11 Multi-Season Potential

One of the challenges confronting Nova Scotia's tourism industry is its seasonality. The province is more fortunate than many regions of Canada in that it enjoys a long tourism season which extends well into the fall and is lengthening each year. However, it is still a challenge to maintain sufficient occupancy (i.e. business volumes) and high enough rates throughout a major portion of the year.

If you are planning to operate a year-round business, it is important that the business be able to cater to a combination of markets which, together, have significant potential to sustain it throughout more than one season, and preferably for several seasons. These should be markets which don't require heavily discounted rates to attract them to your property.

3.12 Location

It has been said that in business the three most important things are location, location, and location. This certainly applies to many types of tourism businesses. Location is a critical factor in the success of most types of accommodation business, particularly those catering to transient travellers and those in highly competitive markets. Some guidelines to follow include the following:

- For **hotels and motels**: good locations are those on major thoroughfares where there isn't an overabundance of rooms available, at major intersections used by visitor traffic, in the core areas of communities, adjacent to a major convention centre or other high-traffic attraction that appeals to nonresident visitors.

- For **country inns and B&Bs**: similar locations can be appropriate. Locations having convenient access to community services but also having an appealing character or quality in keeping with the charm of such properties are also good. These properties can also succeed in resort destinations.

- For **resorts**: local access and convenience are less important than the quality of the setting and the availability of amenities and attractions, although ease of access from the customer's place of origin is also very important. Being a short drive time from one or more urban markets is a distinct advantage.

- For **fishing and hunting** properties: the quality of the fishing and hunting is the key, not the convenience of the location. At the same time, access should be reasonable in terms of time and cost.

3.13 Chains and Franchises

Many accommodation properties benefit from having a chain or franchise membership that can generate major competitive advantages. Among the advantages:

- Brand name recognition, quality assurance;
- Consumer awareness of the property's market position;
- Referrals and reservations from other properties in the chain;
- Central reservations system;
- Marketing support;
- Technical support, quality programs, training programs, etc.

Disadvantages include:

- The cost of establishing and maintaining a franchise. For example, you may have to pay a percentage of your room revenue or a commission on bookings received through the franchise company, in addition to initial participation fees;
- The control of the franchisor means that there is less flexibility in operations;
- Arrangements are usually for a limited term.

Chain or franchise affiliations have traditionally been very effective for service-type properties, particularly hotels and motels, where the preceding types of features, and particularly the brand, can have a major impact on competitive success. They have been less useful for other types of properties, such as resorts and country inns, which have more typically relied upon their own unique appeal to establish their competitive advantage. However, we are now seeing more and more chain resorts, inn franchise and referral groups, and the like.

An affiliation of this kind can have market advantages, but there are costs as well. The participating property has to pay franchise fees, contribute to cooperative marketing initiatives, and maintain the mix of services and the standards common to the group. These may or may not be cost-effective for you, depending on how much the affiliation contributes to marketing effectiveness in your property's particular mix of markets.

If you are going to consider a franchise or affiliation, you should explore the options carefully and make sure that the affiliation you select fits with the market position you are intending for your property. You will also want to explore the market strengths and weaknesses of each franchise and make sure that you select one that has a strong and growing market presence. Be wary of franchises which have no success history and minimal requirements for membership. In these cases, the name recognition of the franchise is likely to be of little benefit to you and you may be required to commit a significant portion of your profits to the franchise. You should carefully weigh the long term cost/benefits of chain or franchise affiliation before deciding that this is the best route, and the optimum affiliation for your business.

3.14 Entrepreneurship

Entrepreneurship is the art of being an entrepreneur. An entrepreneur is a business person who, in operating their business, is constantly responding to market opportunities and challenges. In other words, an entrepreneur sees his or her business as a mix of assets and people which can respond to unfulfilled market opportunities that may arise, rather than as a fixed, unchanging product. The entrepreneur operates on the assumption that markets are changing constantly, that competitive advantage is a temporary thing, that customer loyalty is fickle, and that opportunities come and go.

This is in contrast to the business owner who, once they have opened their business, waits for the business to come in and never seeks to modify their product. The business assumption of such an operator is that the market changes little over time and that their customers will keep coming. Too often accommodation operators adopt this latter attitude, while, in reality, the marketplace is much closer to that perceived by the entrepreneur.

Taking an entrepreneurial approach to planning and designing your business is vital; but it is also important to continue this management approach in ongoing programming, packaging, and marketing.

In fact, entrepreneurship is more than just an approach; it is really a state of mind, a perception of how the world works, an attitude about what is the real role of owners and managers. An entrepreneur believes that the role of the owner or manager is to be creative, constantly on the lookout for information and ideas on how to change and improve.

3.15 Market Information

Useful market information can be vital in both the pre-development and operational phases of an accommodation business; in fact, its absence is often the cause of business failure.

The most useful types of information are those that pertain to consumer expectations, market and product trends, and the competition. We will pursue this topic further in Section 5.

3.16 Flexibility to Adapt and Grow

Part of successful planning for an accommodation business is anticipating the need to adapt and grow. Increased demand may dictate an expansion at some point in the future. Initial planning should, therefore, anticipate the possibility of future expansion. Do you have additional land on which to expand? Can you add a wing or new storey? Does the kitchen have the capacity for function catering in the future?

Similar attention should be given to being able to make changes in the business. It may be necessary to shift the market mix of the business if one or more markets are disappointing, if others prove to be better, or if entirely new market opportunities open up.

Your original planning and design should anticipate the possible future conversion of some public-area facilities to other uses. To the extent that space uses can be made flexible from the beginning, you are more likely to be able to adapt. Can your function space be readily adapted for a large catered function, and then converted into seminar rooms? Can your suites double as hospitality rooms or small seminar rooms?

3.17 Risk Reduction

Initial business planning should provide ways to reduce your risk. This point is connected to the previous one: ensuring that you can adapt to changing circumstances. For example, if transient demand is too small, can some of the units be converted to monthly rentals?

3.18 Targeted Marketing

As mentioned above, market segmentation is an important strategic issue in the planning of a business. Its practical aspect is targeting marketing activities at the market segments selected.

Effective targeted marketing is vital if marketing expenditures are to be effective. Unfortunately, much of what is spent on marketing by tourism operators is ineffective, since it is not well targeted to real prospects. We will consider this topic in more detail in Section 9.

3.19 Management Skills

The tourism business is a tough business at which to excel and this applies to the accommodation business as well. Too many operators underestimate the complexities involved and enter the business ill-prepared in terms of expertise and skills.

The successful accommodation operator and his or her management must have basic skills in a wide range of areas, as illustrated in Exhibit 2.

3.20 Staff Skills

The staff of your operation must be able to respond to the personal and procedural requirements of service. The best possible employees must be recruited and selected. Each new employee needs to know what work must be done and how to do it. Even experienced employees need upgrading in new procedures in order to do their existing jobs more effectively. Over time, many jobs in the operation will change and new skills and knowledge become necessary. In addition to skills related to the operation of your rooms, your staff may require skills to provide service in food and beverage, retail, and recreational activities. A full discussion of staff skills and training is provided in Section 8.

3.21 Computer Skills

The computer has become an indispensable tool for every business today, so having computer skills is now a virtual necessity for most business people. Managers and staff need to be able to use word processing to record information and communicate by mail, to send and receive email, to do research on the Internet, to maintain a decent website and to use a spread sheet for budgeting. The computer is a also a vital part of virtually all modern internal business systems, including revenue management systems.

3.22 Pricing for Profit

Knowledge of pricing techniques is very important. Several objectives have to be achieved: market competitiveness, prices for each target market and each season, yield maximization (balancing prices against potential volume to achieve the greatest revenue), variances for singles, doubles, seniors, groups, and families - all directed at achieving profitability and a good return on investment. This topic will be addressed further in Section 8.

3.23 Revenue Management

The airline industry introduced the concept of 'yield management' which has transformed the way that sector does business. It has also educated the customer that there is no longer one price for a product; the price will rise or fall day to day depending on supply and demand. It has resulted in both great buys for consumers and higher profits for airlines through achieving higher load factors on their flights. The concept has evolved into the 'revenue management' programs now widely used in the accommodation sector and increasingly in other tourism sectors as well.

Most businesses in tourism are characterized by having relatively high fixed costs and relatively low variable or incremental costs. Through using a revenue management system the business can increase its yield (higher average price) in busy times and its volume in periods of softer demand through price discounting. Overall, the outcome is higher revenues and more profit.

EXHIBIT 2
BASIC MANAGEMENT SKILLS REQUIRED FOR A SUCCESSFUL ACCOMMODATION BUSINESS

ENTREPRENEURSHIP

- understanding and acceptance of the **marketing concept**
- understanding of what the customer is looking for
- knowledge about how to reach the customer and what will appeal

MARKETING

- Internet marketing
- advertising media
- brochure design and distribution
- direct mail
- developing packages
- public relations
- contra promotions
- group sales
- ad design
- direct selling
- market research
- promotions
- publicity
- cooperative promotions with tourism "partners"
- travel trade requirements (tour operators, travel agents)
- marketing effectiveness measurement

HUMAN RESOURCES

- hiring and training
- staff motivation
- organizational structure
- supervision
- performance measurement

FRONT OFFICE

- rooms management systems, i.e. housekeeping, laundry
- reservations systems
- pricing, commissions, discounting
- night audit

FOOD AND BEVERAGE (where applicable)

- food and beverage administration
- purchasing
- menu planning and pricing
- inventory management and control

ADMINISTRATION

- sales administration, including reservations, coordination of groups
- accounting and financial control
- property management
- finance
- payroll
- business regulations
- business planning and budgeting
- use of computers and business software

Suggestions on how to acquire these skills is considered in Section 8.

3.24 Sufficient Capital and Affordable Debt

You must have the investment capital available to establish and develop the business. It is vital that your debt burden not be so high that it drains away your future profits.

You will also face the need for further additions and renovations from time to time, and the capital for these should come primarily from earnings retained in the business. Your object should be to retire your debt in an orderly fashion and finance future asset additions out of cash flow as much as possible.

Once you are in operation, you will also have to have enough ready cash to finance the day-to-day operation of the business. Too many businesses are established without adequate provision for working capital and then initial capital cost overruns can use up some or all of the intended operating capital. A business operating with inadequate working capital cuts back on marketing, staffing, and maintenance: all of which will weaken it. In addition, it will be slow paying its bills and suffer difficulties with its bank and creditors. It won't last long this way.

3.25 Internal Controls/Reporting

An essential element of operating your accommodation business is to keep tabs on things. You must operate with a system of checks to make sure that you know what is happening in your business and to prevent and detect dishonesty. There are various internal control and reporting systems you should have. They are addressed in more detail in Section 8.

Even if you are planning a small business, such as a B&B, it is important for you to keep tabs on how much business you are getting and where you are spending your money.

3. 26 Marketing Network(s)

In the tourism industry many companies find it worthwhile to link their marketing efforts to those of others. The idea is to piggyback on the marketing program and resources of others that are targeting the same markets as you and that are willing to work with you, thereby extending your marketing reach and effectiveness. Examples include:

- Nova Scotia Tourism Partnership Council partnership marketing programs
- Your regional or city destination marketing organization, such as Destination Halifax or the South Shore Tourism Association
- The travel trade - tour operators and receptive operators
- Destination management companies (for meetings business)
- Packaging partnerships with suppliers of complementary products and services
- Other 'homemade' alliances of like-minded operators willing to work together

Developing and maintaining such relationships and networks can be very valuable for your business. Also everyone at the destination is part of the 'destination sell' and needs to work together to that end.

3.27 Travel Trade "Culture"

If you are going to deal with the travel trade, that is tour operators and travel agents, it is important for you to understand the nature of their business and what you must do to satisfy their expectations and requirements. These requirements are discussed in Section 9.

3.28 Professional Help

A successful business gets good advice from professionals, particularly in design and construction, marketing, Internet marketing, training, strategic planning, business systems and operational review.

3.29 Quality/Value

An accommodation business needs to provide a quality experience for its guests at competitive prices; basically, it needs to offer good value. Failure to do this will invite your clientele to walk away to your competitor.

At the same time, the quality and value of your product must reflect the markets you are targeting, their expectations, and demands.

3.30 Memberships

Membership in a variety of professional organizations can be a good way to connect with other people in the industry, to seek out partners for marketing and packaging activities, and to compare notes on the operations of your businesses. We recommend that you consider joining the Tourism Industry Association of Nova Scotia as well as appropriate sector associations such as the Hotel Association of Nova Scotia and the Innkeepers Guild of Nova Scotia, and your regional tourism association.

3.31 Personal Time Commitment

If you are going to operate a small, or even a medium-size accommodation business, you must be prepared for the demands it is going to make on your time. Running a country inn or a B&B is a 24-hour-a-day job, at least during your operating season. Since you are running a small operation, you will not be able to afford to hire many, if any, management staff. As a result, you will most likely be responsible for all of the management functions. If you are operating a B&B or a small inn, you will probably be living on the property, which means that you will be on call when guests arrive in the middle of the night or the plumbing backs up at 4:00 a.m.. Don't expect to run a small accommodation property as a part-time job, particularly if you are planning to operate all year round.

3.32 Commitment to Service and Hospitality

You will need a strong commitment to service and hospitality and you will have to recognize that the needs and expectations of your guests are of primary importance. You will need a high degree of tolerance, particularly in a B&B where guests are living in your home. You must enjoy meeting and dealing with people and not be resentful of their intrusion on the privacy of your home.

SECTION 4

Preparing a Business Concept and Strategic Plan

SECTION 4

PREPARING A BUSINESS CONCEPT AND STRATEGIC PLAN

4.1 Opportunity Search and Assessment

What type of accommodation business should you establish? Where should it be located? Is there likely to be an adequate market for it?

Before proceeding too far, you need first to build a model of your business concept on paper, defining its main markets, main features, its location, its USPs (unique selling propositions) and its competitive advantages. You have to draw on your entrepreneurial skills to develop a concept that has a good chance of working.

If you've been in the accommodation business before, you have an advantage since your experience will have taught you valuable lessons. If not, you have to work harder to find the information you need to make good decisions.

The starting point has to be with the target customer - their needs and wants. What will your target markets be looking for in an accommodation property? What are they buying in other locations?

We suggest that what you need to do first is develop a winning concept for your business by looking into what has worked well elsewhere and getting good market information on its potential in your area. You will also need to have some possible locations in mind where you think there might be enough market potential. Use the Internet to initially check out businesses similar to the concept you are contemplating.

A more detailed assessment can be made later. At this point you are looking for general information which will help in piecing together a concept for the business and coming up with a short list of locations.

Find out where there are successful examples. Visit them; talk to the owners; find out what makes them successful. What are their USPs? What are the major challenges they face and how do they deal with them? What are their markets? How do they market? How are their markets changing? What product features appeal to what types of markets? What are the major do's and don'ts of the business? Tell them what you have in mind and ask for their constructive criticism.

As long as these businesses are not going to be competing directly with you in your Nova Scotia market, they are likely to be cooperative. Call them before your visit and get their agreement to talk to you.

What unique experiences can you offer your customers at the location you are considering? What are the local attractions, festivals and events, and other appeals which might attract people to stay overnight in your community? Is your community located in an area which gets lots of visitors or is it off the beaten track? If the latter case, then you should give some serious consideration to why people would come and stay at your accommodation.

Are there sites available that have advantages over the competition?

Is there enough business in the area to support both the competition and your operation? (A good indicator is the level of occupancy being experienced by competing properties in the area.)

Try out the products of your future competitors in the general area. What are they doing right and wrong? How can you develop a property which has some competitive advantages over them? How busy are they in each season? Do they seem to be making money? (Good signals include: Are they keeping their property up to scratch? How extensive are their marketing activities?)

For the locations you have in mind, collect initial information on the markets available in the community. How many tourists come each year? How many meetings and conferences do they have? Are there any attractions and activities going on in the local area which will bring people to the destination and give them a reason to stay in the area?

Talk to the tourism organizations in the locations you are considering about how they see the opportunity and whether they think there is room for a new accommodation in the market. What do they think about your ideas? People to talk to locally include:

- The manager of the local visitor information centre (Do they have a lot of people looking for accommodations and having trouble finding them? If so, what types of accommodation are they looking for?);

- The local/regional tourism association (Do they think there is a need for more accommodation? Is tourism activity growing or declining? What type of growth is it? Is there any other major new accommodation being planned for the area?).

Talk to the Tourism Division, Department of Tourism, Culture and Heritage They can give you market information, suggest contacts, etc. Do the same with economic development officials at the community level and in the Regional Development Authority office.

Ask for any market studies they might have available containing relevant information for planning an accommodation business such as occupancy data for the region and/or for the types of properties you are planning, market trends, and the like.

4.2 Target Market Selection

Particularly important is the identification of key target markets for your accommodation, since you want to make sure you develop your property in a fashion that will have a strong appeal to each market. You may, in fact, need to offer several somewhat different products, i.e. different types of accommodation and/or services to different markets. The informal research you have conducted so far should be very helpful in this regard, but you will also have to be open to making refinements later in the planning process.

The target markets offering the greatest potential for the business should be identified on the following basis:

- For which markets will your USPs and competitive advantages have the greatest appeal?
- How substantial are these markets? Are they large enough to justify targeting them in your product and marketing planning?
- If you want to establish a year-round business, do these markets offer potential in the shoulder (i.e. the months on either side of the peak season) and off-seasons?

For each market segment that rates well on these points, you need to have a good idea of the following:

- Will they pay a decent price for your accommodation?
- Can you afford to promote to that market? Are there cost-effective measures you can use to reach the market?
- How stable is the market likely to be, year after year?
- Is the market growing? Declining?

As discussed earlier, markets can be segmented according to different characteristics. For your accommodation property, you should probably consider segmenting the market according to the following types of characteristics:

- **Purpose of Trip**: Pleasure travellers (either transient, people looking for a place to sleep for a night, or destination, people wanting to stay several days in one accommodation property), business or commercial travellers, people travelling to conferences/meetings, motorcoach passengers, etc.;
- **Demographic Characteristics**: Age, family characteristics (i.e. with or without children), income level;
- **Interests**: You may, for example, decide that your property is going to cater to markets that are interested in the outdoors.

Once you have identified which markets are available to you, you should prioritize the markets in terms of their overall revenue potential. You should also consider which of the markets offer the most potential for your business in particular, i.e. those in which you are most likely to be successful and in which you will enjoy the best competitive advantages.

Market and Product Trends Assessment

It is also important to look into trends in the type of accommodation you are considering and in the markets you intend to target. This study will provide you with ideas on how to create your competitive advantage. New product concepts may help you as can new trends in customer demands and expectations.

Subscribe to magazines and association newsletters focusing on the tourism industry in general and on the hospitality sector in particular. You can find appropriate magazines at places such as the Tourism Industry Association of Nova Scotia (TIANS) and the library.

A valuable resource is the Canadian Tourism Commission's (CTC) business website (www.canadatourism.com). You can subscribe to this site for free and get regular email news as well as access to a wide range of reports, statistics and publications prepared by the CTC. You can also read 'Tourism Online' which features articles about different aspects of Canada's tourism industry.

There are many other sources of trends information worth mentioning, including the Tourism Division of the Department of Tourism, Culture and Heritage which publishes various tourism reports and information. These can be found online at www.nstpc.com/research.html . Check out Tourism Insights (www.gov.ns.ca/dtc/pubs/insights) for up-to-date statistics on accommodation demand in the province. You may also want to contact your regional tourism industry association to see if they have collected any research or articles which may be of interest to you.

The Internet is another prime source of trends research. A wide variety of sources of information can be found on the Internet by using search engines (e.g. Google, Yahoo, Lycos search) to search key words, or by looking at Web sites for different types of accommodations around Canada and internationally. As well, there are a variety of tourism research databases which contain information that you can download to your computer and print.

Another valuable source of information on consumer and product trends can be other accommodation operators already in business. Talk to people who operate accommodations in Nova Scotia and in other provinces and explore with them their experiences in consumer and product trends.

Having done your homework, you should now be in a position to build your business concept, on paper at least. The rest of this section focuses on the steps involved in this process.

4.3 Product and Service Mix

Using what you have learned about markets and market trends and about consumer needs and expectations, you are now in a position to determine the mix of products and services you should provide in your accommodation. Make sure that you consider the types of products and services needed to appeal to each of the different market segments you have identified carefully.

4.4 Build Or Buy?

The eternal question in any business is whether to build a new or buy an existing facility. You retain total flexibility in design and concept when you build new, but there may be some advantages in purchasing an existing property. There are usually quite a number of accommodation properties available for purchase.

The chart below summarizes some of the advantages and disadvantages of each approach.

ADVANTAGES	DISADVANTAGES
BUY	
➢ Immediate take over and possible operation - even if you are renovating it does not take as long as new construction ➢ Established location means you know what will be around you ➢ Possible good reputation provides a base of business to build on ➢ Costs may be less than new construction	➢ If the property has a poor reputation, it might be very difficult to overcome ➢ Existing design may make it difficult to renovate to contemporary standards ➢ Age may make maintenance difficult and things such as heating and plumbing expensive ➢ Condition of building may make renovations impossible and/or too expensive ➢ Restrictions on site development, municipal bylaws on building, etc. may prevent the renovations you want to make and/or future expansion
BUILD	
➢ Size and design of property can be suited to current market conditions and demands ➢ Can design building for easy future expansion ➢ Opportunity to establish your own market image and position rather than adapt one established by someone else ➢ Good design, construction techniques and efficient equipment can minimize maintenance and utility costs	➢ Construction time will delay opening and revenue generation ➢ Building a customer base and reputation will take time ➢ Potentially higher costs

You must also give careful consideration to the site related factors described below. The property you are looking to buy may be ideal in all other respects but in the totally wrong location for the markets you want to target. For example, you may have decided you want to go after the family vacation market and the property you are looking at has all of the facilities and services you want to provide but is located beside a busy highway.

If you are planning to buy a building and renovate it, make sure you obtain professional advice on the condition of the building, the costs and do ability of renovations you might want to make.

the required regulations, and any restrictions on the use or expansion of the building (e.g. municipal bylaws).

4.5 Site Assessment

The primary factors that you should consider in selecting a site for an accommodation property are:

- **Strategic Location**. You want a site that is convenient for the markets you want to attract. Is it close to tourist traffic? to shopping? to attractions? to the business area?

- **Physical Characteristics** such as size, shape, topography. You must consider the square footage of the property. Is it large enough to accommodate the building you have planned to construct? Is there adequate room for both parking and your sign? How about for any other facilities you are planning to include? Is the site appropriate for the use intended? Will there have to be extensive landscaping done? Is there a lot of rock that would require blasting?

  Extensive landscaping and/or excavating will be extremely expensive and you must be realistic in estimating these costs when preparing your preliminary budget.

- **Access to the Property**. Is there easy access to the site from more than one entrance/exit? Do customers have to cross a busy line of traffic to enter the site? Can you get municipal and, where necessary, Department of Transportation and Communications approval for the entrance/exit?

- **Visibility of the Site.** Customers who are not familiar with your property need to be able to readily identify it in advance, without having to pass it and turn around to get to you. Good visibility from the road and good signage is the best way to avoid these types of problems. In some cases, you may not want to be too close to the highway - if you are building a quiet, getaway-from-it-all property, for example - and it is essential that you have excellent signage.

- **Access to Utilities** - electricity, gas, water, sewage, refuse removal etc. There have been instances in Nova Scotia, particularly in rural areas, where someone had everything ready to be hooked up in their all-electric kitchen only to find out that the necessary three-phase power was not available at the site. You may also incur substantial additional costs to construct an adequate water and septic system if your site is not currently serviced.

- **Zoning Laws, Permits, and Restrictive Covenants**. These things can all restrict exactly what you can do with or build on a particular site and/or how you do it. Section 6 describes the types of permits you will require to establish and operate your business, and the types of approvals which may be necessary.

- **Surrounding Land Uses**. Look at what else is happening around the site. Is it fully-developed? Are the other kinds of land-use compatible with the type of accommodation you are developing? If it is not yet developed, what types of use might be made of this land? Could it become an industrial site? garbage dump?

You should consult your local municipality and explore the types of development which may occur in your area. And, whatever the case, make sure you have enough property so that you have a buffer between your property and the sites next door.

You should also determine what other new accommodation is being developed in the area, including new properties, expansions, and upgrades to existing properties.

- **Environmental Conditions of the Site**. You should also consider any environmental conditions associated with the site which might cause future problems. Once you have selected a site which you think is appropriate, it is a good idea to have an environmental survey completed to identify any potential problems with the site arising, for example, from contamination by old equipment or gas tanks, or the fill used on the site.

If you are considering operating a small accommodation, such as a small country inn or B&B, it is quite possible that you already have a building or house that you intend to convert for this purpose. If this is the case, then you need to give serious consideration to the location and site related issues discussed here, as well as to the build-buy arguments discussed above, and the business plan you have developed. Here are some questions to consider:

- Is your property (sometimes this is your house) in the right location for an accommodation business? Just because it is an ideal spot for you to live doesn't mean that it will appeal to the types of markets you have identified as having potential.

- Can you get municipal approval to operate a business in this location?

- What will the renovation costs be? Can you get approval to do what is required?

- Will the renovations that you are able to do result in the product and service you need to attract the markets you have identified?

- Does the site of the property meet the site selection criteria described above?

- If your property is a heritage property, are you prepared to make the changes necessary to comply with the various regulations?

4.6 Product and Business Concept Development

The afore mentioned activities should enable you to develop a concept for the business, including the following elements:

- The major markets to be targeted;
- A short list of preferred locations and possible sites for the operation;
- The mix of facilities to be offered;
- Your proposed unique selling proposition (USPs), competitive advantages and positioning for each key target market;
- The seasons of operation;
- The types of opportunities for packaging and partnering in marketing activities;
- The type of equipment you will require.

There are some other considerations that deserve careful thought at this stage as well. We will introduce them below, and consider them in greater detail later in the manual.

Packaging

A **package** in the tourism industry is a mix of tourism attractions and/or activities and associated visitor services that is organized into a single product and sold as such. The idea is to extend the market for your product by offering additional options to your customers, as well as obtaining marketing partners to extend the range of your marketing activities.

Packages are a growing tourism product. Customers regard them as comprehensive experiences arranged by those who know the best things to do and see at a destination. They can offer other advantages to the consumer as well, including one-stop shopping, savings, value-added features, and someone else to look after arrangements.

For the accommodation operator, a package can strengthen the appeal of his or her product, open up new markets that might not otherwise be available, and divide the marketing costs among several operators. Accommodation, by itself, offers limited opportunities for generating trips to your destination. You are basically competing with other properties for the existing accommodation demand. But with packaging, you can create new appeals and open up and develop new markets.

The business-concept planning process should include consideration of the opportunities from developing appealing packages and thereby diversifying the markets for your accommodation. More information on packaging is contained in Section 9.

Marketing Partnerships

In addition to packaging, there will be other opportunities to develop marketing partnerships within the area, thereby extending your marketing reach. Potential partners include: tourism operators offering complementary experiences and services, such as attractions and local sightseeing operations, local tourism promotion organizations, and other accommodation properties with which you can market packages.

Sources of information on potential partners include:

- The local tourist association - their membership list would be helpful;
- Managers of local tourism businesses;
- The yellow pages - look for businesses that cater to visitors to the community.

You also need to investigate the possibilities of linking into the different distribution networks available to your business, including:

- Nova Scotia Tourism Partnership Council partnership marketing programs
- The programs of your regional or city destination marketing organization
- The travel trade - tour operators and receptive operators
- Destination management companies (for meetings business)

Marketing Strategy

The next step in your planning is to establish a marketing strategy, consisting of a list of the priority markets you will be targeting, the products and USPs to be promoted to each one, and the techniques you are going to employ in pursuing each of them.

Separate strategies will be required for each of the key markets, divided into:

- Direct consumer marketing - traditional methods, Internet marketing and e-marketing;
- Marketing to the travel trade, i.e.; tour and receptive operators (if you are planning to handle groups at your property);
- Packaging;
- Marketing partnerships.

We will deal with this topic in Section 9.

4.7 Phasing

It is unlikely that you will establish the ultimate scale of your business on day one. You will need to set out your intentions regarding what you will establish in the first phase and how you intend to extend and expand your business over time. A phased plan is the solution.

A phased plan involves the preparation of a multi-year schedule of the following things, to be implemented in stages:

- Target markets to be pursued;
- Expansion of the property, addition of new services and packages;
- Capital investments and financing;
- Major marketing initiatives.

The initial phases should focus on what you expect to be the core products and markets of the business. Other markets and products should be streamed in later in digestible stages. Some should be market tested first if there is any serious question about their potential or their ability to complement the core business.

It will be important that you design and implement periodic reports on your progress, supported by some customer research and product reviews.

4.8 The Strategic Plan

You should document the previously mentioned planning activities in a written summary, which will form part of your initial business plan (the development of a business plan is discussed in more detail in Section 5).

SECTION 5

Feasibility Analysis

SECTION 5

FEASIBILITY ANALYSIS

Will your plan work? Can you get enough customers, and will they pay enough for your rooms and your other services to cover your operating costs? Will the business make a profit - enough to pay you a living wage, cover the cost for the money you will have to borrow, and pay you a return on your equity in the business?

These are vital questions you need to address, in order to reduce uncertainties and risk to a minimum. The cost of making major mistakes can be bankruptcy, while the information coming out of a feasibility assessment can help make the business a success. Why risk everything without making the best possible effort to reduce your risks?

While you may be reluctant to spend the time and money necessary for this step or think you don't need to, your banker or other financiers are very likely to insist on it. Even if you are opening a B&B, you will probably still have to make some level of investment in furnishings, renovations, etc. and you may be hoping to generate enough income to live of. You should, therefore, assess the feasibility of the business.

So, a proper feasibility assessment should be undertaken. You can do much or all of it yourself, following the process outlined in this manual.

If your project is a large complex one, or if your banker or other sources of financing request it, you may have to have a professional feasibility study undertaken. There are ways of keeping the costs of a professional feasibility study reasonable and you may be able to get some financial help for the study from prospective investors or a government agency. If you've done the homework described earlier in preparing your business concept and strategic plan, the feasibility study can be done a lot more quickly and economically, and it will be easier to sell others on helping with the costs as well. There will be areas of information gathering that you can do for the consultant and reduce costs this way as well.

A proper feasibility study, assuming a basic business concept and strategic plan has been developed, consists of the following steps:

- Projections of capital costs and financing requirements;
- Research and analysis into target markets;
- Competitive analysis;
- Projections of revenues, operating costs, debt service, and profits;
- Return-on-investment and break-even analysis.

For those intending to undertake the feasibility assessment themselves, we offer some suggestions below. As you will see, this can become a fairly complex undertaking.

5.1 Capital Investment Requirements

We suggest that the first step in preparing the feasibility assessment should be the development of an estimate of the capital investment required to establish the business, since this can give you an idea of the kind of financing you will need.

You don't need a detailed capital-cost schedule or financing plan at this point. You are simply trying to assess the feasibility of establishing the proposed accommodation business, not actually planning the business at this point. What you need is an estimate of the realm of magnitude of your capital costs, which will then give you an indication of your financing needs.

Exhibit 3 provides a worksheet that you may find useful in developing your preliminary capital budget.

There are various sources of information you can use in developing this initial capital budget. Some suggestions are presented below:

- **Land/Buildings, Building Construction and Renovation.** If you are planning to buy an existing property, then a real estate broker can help you seek out potential sites and advise you on the costs of purchasing the property. If you are going to build new accommodation units, then a real estate broker can help you learn about land costs but you will need the assistance of an architect to determine the costs of the building construction. You will also need the help of an architect and/or an interior designer if you are planning major or cosmetic improvements to an existing property.

  If you plan to renovate your house into a B&B, you may need the help of an architect or a builder to determine the costs, particularly if your property is a heritage site. Don't forget that there are a number of regulations with which you will have to comply and this will have a serious impact on capital costs. These are addressed in Section 6.

  For a preliminary estimate, you may be able to use a cost-per-square-foot allowance but make sure you factor in a contingency allowance for unexpected problems.

- **Land Improvements, Landscaping, Parking, Recreational Facilities**. You will need to estimate the costs associated with servicing the site (i.e. sewer/septic, water, power) or upgrading the existing systems to accommodate your development. You may also need to do some other site work such as landscaping or preparing a parking area. You may need the help of an engineer to determine the servicing requirements and costs and possibly a landscape architect for site finishing costs, lighting, etc.

- **Furnishing, Fixtures and Equipment**. You should draw up a list of the types of furnishings, fixtures, and equipment you will require and then approach suppliers to give you price lists. They can also probably give you some help with determining the types of equipment you will need. You may also want to look at the minimum accommodation licensing requirements, since you may be required to have a certain type of furniture or equipment to obtain your licenses. Similarly, you should examine the Canada Select Accommodation Rating Program requirements, since the type and quality of furnishings that you purchase can have an impact on your grade (these are available through Nova Scotia's Canada Select Accommodation Rating Program office - see Appendix V for the address).

EXHIBIT 3

CAPITAL REQUIREMENTS WORKSHEET
($)

CAPITAL ASSETS:

Land/Building Purchase
Land Improvements (sewer, water, site preparation)
Building Construction/Renovation
Recreational Facilities (e.g. pool, tennis courts)
Furnishing, Fixtures and Equipment (includes F,F & E for Kitchen, Restaurant, Rooms, Common Areas, Office, etc.)
Landscaping, Roads & Parking
Other (e.g. signage)

***Subtotal** C*

PRE-OPENING SOFT COSTS:

Salaries
Staff Training Wages & Costs
Pre-Opening Marketing, Public Relations & Website Development
Interest During Construction
Design and Consulting Costs
Other Professional Fees
Incorporation/Registration/Licensing Costs
Other

***Subtotal** D*

WORKING CAPITAL:

Inventory
Prepaid Expenses
Other Current Assets
Cash Reserve

Subtotal A

Bank Loan

Subtotal B

Net Working Capital Required **(A minus B)**

TOTAL CAPITAL ASSET REQUIREMENTS ***Subtotal C***
TOTAL SOFT COSTS ***Subtotal D***
WORKING CAPITAL REQUIREMENTS ***Subtotal E***
CONTINGENCY:

TOTAL FINANCING REQUIRED

- **Soft costs.** Soft costs are operating-type costs required to start the business that are capitalized, since they occur prior to the opening of the businesses. They include such things as operating costs incurred prior to opening - management salaries, office operation, initial marketing, website development, etc. They also include one-time costs such as initial training costs, interest during construction, design costs, consultants' fees, etc. You should try to do a work-up of estimates for each relevant item. Where this is not possible, provide for an allowance to cover the item.

- **Contingency.** A contingency allowance should be planned for unexpected cost increases, overlooked items, unanticipated additional costs, etc. The allowance should be between 5% and 20%, depending on how refined your costing has been and how confident you are in the numbers.

- **Working capital.** Your financing will have to cover not only capital costs and soft costs, but also enough working capital to sustain the operation of the business. Working capital is defined by accountants as the difference between current assets (e.g. cash in the bank, receivables, inventory of resale items and supplies) and current liabilities (e.g. accounts payable, other amounts becoming payable in the current year). In other words, it's the cash available to run the business and deal with short term contingencies.

  When you start the business, your working capital will be in the form of cash. There is no fixed formula for how much working capital is appropriate, but a good guideline is to have one to two months operating and capital expenses.

Financing

The total of the above represents the amount of investment you are going to require to start the business. You will now need to prepare a plan of how the financing is to be structured, since the feasibility assessment requires a determination of interest and principal payments on borrowing and the amount of equity to be invested. Further comments on financing can be found in Appendix III.

5.2 Market Analysis

The next stage of feasibility analysis involves an assessment of markets and a determination of market potential.

Research and Analysis of Target Markets

Your previous work in developing the concept for the business involved identifying the best target markets for your accommodation. You now need to pull together information on each of these markets. The first question is:

How big is the target market in my area? How many prospective customers are there?

Your first task is to determine the size of the existing market for accommodation in your area. The Tourism Division of the Department of Tourism, Culture and Heritage can assist you with this. If you provide them with a list of at least six accommodation properties, they can provide you with the total number of occupied room nights and the average occupancy rates at all of these properties (together) for the last several years, on a month-by-month basis, for the last several years.

You need to identify all of the properties in your general area (this may be the area within an hour's drive, or if you have a highly specialized property, such as a resort, you may want to look further afield) that are targeting markets similar to those that you have identified for your property. If, for example, you are thinking of establishing a Bed and Breakfast in Wolfville, then you might want to identify all of the B&Bs in Wolfville, Kentville, and the smaller communities in the surrounding area.

When it is compiled, you might want to break the list down into two categories - one for properties in your immediate community and the second for properties in the wider area. But remember that you must have at least six properties on the list in order to get the information (this is to avoid giving out data that may disclose confidential information).

The next task is to identify the size of those other markets which you have determined will be target markets for your property. This you will have to piece together from various sources of information such as the following:

- Data on resident populations is available through the census data published by Statistics Canada. You can get breakdowns for municipalities, census regions, provinces, etc. You can download this information directly from Statistics Canada's website (www.statcan.ca) by following the links to Community Profiles. Statistics Canada can provide you with a variety of other useful information including Small Business Profiles which provide business financial statistics and can be used when developing your projections of operating expenses, and information on family expenditures in Canada.

- For data on tourist markets, sources include Nova Scotia's provincial visitor-exit surveys, Visitor Traffic Flows and Tourism Insights as well as the Canadian Travel Survey and International Travel Survey (available through the CTC web site referenced earlier)

- The local visitor information centre, the Chamber of Commerce, the Regional Development Authority regional tourist association, etc.

Whatever combination of sources you use, the intent should be to develop a worksheet like that presented in Exhibit 4.

How many of these people might I reasonably expect to stay at my accommodation?

Once you've been able to pin down the sizes of the key markets for your property, you then need to come up with an estimate of what percentage of each of these markets is likely to buy your kind of product. This requires a **market share analysis**. Simply put, you need to estimate what share of the market you might expect to get. To do this, you first need to examine your competition and decide how strong your position in the marketplace will be.

EXHIBIT 4

TARGET MARKETS AND MARKET SIZES

TARGET MARKETS	MARKET SIZES (Room Nights)
EXISTING MARKETS:	
In Your Community	____________________
In the Surrounding Area	____________________
NEW MARKETS YOU MIGHT ATTRACT TO THE AREA:	
• Small Meetings	____________________
• Birdwatchers	____________________
• Weekend Getaways	____________________
•	____________________
•	____________________

Competitive Analysis

While you should by now have a pretty good sense of the appeal of your proposed accommodation, you now have to take a good look at the competition and do so objectively, as a future customer would. You need to try out the competition and talk about them with others in the local tourism industry. You want to learn about their strengths and weaknesses and try to get a feel for how your property will compare to theirs. Some specific things to check out include:

- Number and type of accommodation units and what special features they have;
- Quality of Service - professionalism, friendliness, hospitality;
- Recreation and other facilities available.
- Restaurant and dining facilities available;
- Quality;
- Price;
- Reputation - what do community tourism partners say about guest satisfaction at this operation;
- Years in operation;
- Advertising and promotion;
- Future plans for expansion, major renovations.

By asking around, visiting the property, reviewing their website and looking at printed information such as brochures, you can put together a pretty good picture of the property. You should make up a form, similar to that shown in Exhibit 5, to summarize your findings and conclusions.

Market Share Analysis

Your next task is to decide what share of the market you are likely to get. To do this, you need to complete a worksheet similar to that illustrated in Exhibit 6.

First, you identify each of the target markets you are going after and the size of its market, based on the information you collected earlier. Next, you need to determine what an equal market share would be, that is, what proportion of the market you would get if you were to get an equal (or fair) share of each market available. Exhibit 7 illustrates how to calculate an equal market share.

Next, you have to determine, for each target market, whether your property is likely to get more or less than an equal market share. This is where you will have to use some judgement about the relative competitive advantages and disadvantages of your property, in each target market. For example, if you are developing a country inn in a spectacular natural setting, with ocean views and good quality accommodation, and all of the competition is in the middle of town, you might decide that your property will have a high competitive position in the weekend getaway market and that you will get 50% more than an equal market share of the existing market. Your competitive position is quite likely to be different for each target market, so you should do this analysis very carefully.

EXHIBIT 5

ASSESSMENT OF THE COMPETITION

Competitor's Name	Season of Operation	Number/ Type of Units	Recreation and Other Facilities	Prices	Quality of Facilities and Services	Future Plans for Expansion	Competitive Advantages/ Disadvantages

EXHIBIT 6

MARKET DEMAND PROJECTION WORKSHEET

Target Markets	Market Size (Room Nights)	Equal Market Share	Competitive Position of Your Property (H, M, L)[3]	Projected Market Share for Your Property	Projected Demand (Room Nights)

---

[3] High, Medium. Low

EXHIBIT 7

CALCULATION OF EQUAL MARKET SHARE

TOTAL NUMBER OF ROOMS IN YOUR MARKET AREA . . . . ____________

PLUS

NUMBER OF ROOMS YOU ARE PLANNING TO ADD ***(A)*** . . . . ____________

PLUS

NUMBER OF ROOMS OTHERS ARE PLANNING TO ADD . . . . ____________

EQUALS

TOTAL ROOMS LIKELY TO BE AVAILABLE IN YOUR MARKET AREA ***(B)*** ____________

EQUAL MARKET SHARE ***(A divided by B)*** . . . . __________%

It is quite easy to be swayed by emotions and excitement and, as a result, overestimate the property's potential performance. It is recommended that you be very careful to develop realistic estimates of your likely market penetration, based on the experiences of properties with which you will be competing directly.

The result of this analysis will be an estimate of the projected room-night demand that your property could potentially attract. At this point, you should do a check against the number of rooms you are planning to develop to determine if it is realistic for you actually to accommodate the level of demand you have estimated or whether you should perhaps consider a larger or smaller property. To do this, you need to calculate your available room nights and the occupancy levels that you project. This calculation is described in Exhibit 8.

There are no established guidelines as to what occupancy rate is realistic or economically feasible for different types of properties. However, when you look at the occupancy rate you are projecting, consider some of the following points:

- The average annual occupancy rate for all properties in Nova Scotia is in the 50% - 55% range. (Occupancy rates for different types of properties are presented in Appendix I). This reflects higher occupancies during the tourist season and much lower ones during the winter and early spring. If you are projecting year round occupancies over 70% or 75%, you may want to revisit your estimates. While these levels may be achievable in the tourist season, there are long periods during the rest of the year when the business available is very limited. Don't forget that even if you are full every weekend (two nights) this only represents a 28% occupancy level.

- It is very difficult for accommodation properties to achieve monthly occupancy levels over 95%, even in peak periods. This is due to last minute cancellations and a natural tendency for business to peak on certain days of the week or periods in the month.

With a few exceptions, it is likely that your business will be concentrated in the June through September period, so you may want to do the market share analysis twice: once for the peak season and once for the rest of the year. This way you can determine both your summer occupancy levels and your probable occupancy rate for the rest of the year. This analysis may also help you decide if you want to be open year round.

After you have carefully reviewed your assumptions about your market position and market share, and if your occupancy levels are either very high or very low, you should reconsider the number of accommodation units that you are planning to develop or add.

Once you are satisfied that your demand estimate is reasonable, you need to consider what is likely to happen in the first year or two that you are in business. As with many businesses, it will take a couple of years for you to get established and to reach a normal level of demand: i.e. the level of demand you estimated in the foregoing analysis. It is possible, especially if you are establishing the type of property that will depend on destination business or one that is located out of the way, that the level of demand in the initial two or three years will be substantially lower than you estimated for a normal year.

EXHIBIT 8

CALCULATION OF PROJECTED OCCUPANCY RATES

TOTAL NUMBER OF ROOMS AVAILABLE AT YOUR ACCOMMODATION ..... ____________*(A)*
(For the period - could be Month, Season, Year)

NUMBER OF DAYS IN THE MONTH/SEASON OR YEAR .... ____________*(B)*

TOTAL AVAILABLE ROOM NIGHTS ***(A multiplied by B)*** .... ____________*(C)*

TOTAL PROJECTED ROOM NIGHTS OCCUPIED .... ____________*(D)*
(One room occupied for one night equals one occupied room night)

PROJECTED OCCUPANCY RATE ***(D divided by C)*** .... ____________%

5.3 Projection of Revenues and Expenses

Projection of Revenues

Now that you have an estimate of demand levels, you can develop estimates of your total revenues, both from rooms and from any other services you might provide.

The first thing you have to do is determine a price for your rooms. This is discussed in detail in Section 8.

Next, you have to factor in the impact of any discounts or commissions that you might pay to obtain business. For example, if you join Check In (Nova Scotia's information and reservation service), you will pay a 10% commission on any rooms that they book for you. Exhibit 9 provides some guidelines on the commissions that you might pay. You will probably also reduce your rates in the shoulder and off seasons. Similarly, if you are offering packages, the rooms portion of the package price will probably be discounted.

You shouldn't expect to have to pay commissions on all of your business; some of your customers will pay the rack rate, the full retail price of your rooms. You have to estimate what percentage of your business will be rack, and what percentage will be discounted or commissionable in order to determine a weighted average discount off your retail rate. An illustration is provided in Exhibit 10. Reduce your rack rate by the percentage discount at which you arrive and this will give you your weighted average room rate.

The next step is to estimate any other revenue for your property. For example, if you have a small dining room or restaurant, then you will have some food and beverage revenue or you might rent out bicycles or canoes. You should develop an estimate of revenue per room night, taking into account that you will probably have more than one person in a room most of the time.

You now have all of the information you need to develop an estimate of your revenues, as illustrated in Exhibit 11.

Operating Expenses

The next task is to prepare an estimate of four kinds of operating expenses: cost of sales, direct operating expenses, overhead costs, and capital related charges.

Exhibit 12 presents a worksheet to use in preparing your expense projections. The numbers can be derived either from a detailed work-up, based on an analysis of each item, or industry norms which can be used to provide realm-of-magnitude estimates. The latter method is simpler and probably just as accurate for your purposes at this time. However, you should make sure that the norms you use are for a similar type of business. For example, don't use the norms of a large urban hotel for a B&B operation. Items such as wages and marketing can vary widely, depending on your type of operation, so you might be wise to develop your own estimates of these amounts and use the industry norms as a checklist.

EXHIBIT 9

GUIDELINES ON COMMISSIONS AND DISCOUNTS

Travel Trade Wholesale Discounts (reduction from retail prices)	
Series Tour Operators	20% - 40%
Local Receptive Operator	25% - 45%
Group Leader/Affinity Groups	5% - 10%
Custom Tour Operators	20%
Travel Agent Commission on Individual Bookings	10%
Check In Bookings	10%
Consumer Discounts:	
Shoulder and Off-Season	10% - 30%
Credit Card Discounts	1.5% - 4.5%

EXHIBIT 10

EXAMPLE ILLUSTRATING THE CALCULATION OF AVERAGE DISCOUNTS

	Percentage of Business	**Discount/ Commission**	**Weighted Average Discount**
Business at Rack Rate	60%	None	None
Business Booked through Check In	15%	10%	2% (15% of 10%)
Shoulder Season Business	20%	25%	6.25% (20% of 25%)
Business Booked through a Travel Agent	5%	10%	0.5% (5% of 10%)
TOTAL	100%		8.75%

EXHIBIT 11

PROJECTION OF REVENUE

	YEAR					
	Mature Year	1	2	3	4	5
ROOMS REVENUE						
Available Room Nights						
Projected Occupancy Percentage						
Projected Occupied Room Nights						
Weighted Average Room Rate						
Total Projected Rooms Revenue						
OTHER REVENUE						
Food and Beverage Spending Per Room Night Total Other Food & Beverage Revenue						
Other Revenues Spending Per Room Night Total						
TOTAL REVENUE						

EXHIBIT 12
PROJECTION OF OPERATING EXPENSES
(\$)

	YEAR					
	BASIS FOR CALCULATION	**1**	**2**	**3**	**4**	**5**
COST OF SALES:						
Food	% of Food Sales					
Beverage	% of Beverage Sales					
Retail	% of Retail Sales					
Total						
ROOM COSTS:						
Wages	Worksheet* or % of Total Revenue					
Supplies	% of Total Revenue					
Total Room Costs						
FOOD & BEV. COSTS:						
Wages	Worksheet* or % of Total Revenue					
Supplies	% of Total Revenue					
Total Food & Bev. Costs						
OVERHEAD EXPENSES:						
Management Salaries	Worksheet* or % of Total Revenue					
Fringe Benefits	% of Total Revenue					
Credit Card Charges	% of Total Revenue					
Marketing	Worksheet* or % of Total Revenue					
Repair & Maintenance	% of Total Revenue					
Utilities	% of Total Revenue					
Office Supplies	% of Total Revenue					
Telephone	% of Total Revenue					
Equipment Leases	% of Total Revenue					
Insurance	% of Total Revenue					
Prop. & Business Taxes	% of Total Revenue					
Bank Charges	% of Total Revenue					
Professional Services	% of Total Revenue					
Travel	% of Total Revenue					
Miscellaneous	% of Total Revenue					
Total						
Total Operating Expenses						

* *Worksheet means that you should develop a worksheet to derive what these costs will be for your business.*

Operating cost norms are generally known by experienced operators and you might be able to get some help from one of them. As well, there are organizations and companies which produce reports on operating norms - you should seek out some of the sources of information mentioned earlier.

In reality, operating expenses are affected by several different factors. For example, some expenses are related to the number of rooms occupied: soaps for the guest bathrooms, the cost of laundering dirty linen, etc. These are normally expensed as a cost per occupied room. Other costs are directly related to the size of the property, with little or no relationship to how busy it is. Examples of this category are: utility costs, insurance, and property/business taxes. These costs are normally calculated on a per available room basis. Finally, some costs are directly related to the volume of revenue and are calculated as a percentage of total revenues. These would normally include credit card commissions, marketing, etc. If you are able to obtain reliable data from properties similar to your own, using these categories will give you the most accurate cost projections.

A brief comment on each of the categories of operating expenses is provided below.

Cost of Sales

Estimating cost of sales is necessary if you have goods which are purchased for resale to your customers, such as food and beverage. If you are operating a rooms-only business, then you won't have any cost of sales. If you are operating a B&B, then your cost of sales will be the cost of the food you purchase in order to serve breakfast to your customers.

Direct Operating Expenses

These are usually broken down for each of the key operating departments in your accommodation. They include the direct costs associated with providing the service, whether it be room or dining room related. In the rooms department, for example, your direct costs will include the labour to clean the rooms and the cost of replacing supplies such as soap. These costs are also called variable costs - they vary with the amount of business you get. Direct costs are usually calculated as a percentage of the revenue for that department.

Overhead Expenses

Overhead expenses, often called fixed expenses, do not vary very much with changes in the volume of business, as do the direct operating expenses. These are the supporting costs of providing service and, in general, running the business. The types of overhead expenses you might incur are described in Exhibit 12.

Even if you have a very small accommodation, you are still likely to incur expenses in most of these categories, even if they are only minimal.

Don't forget that in preparing your projections, you must give consideration to external factors such as inflation trends, trends in labour costs, and increases in utility rates.

The total of all of the above costs represents the sum of the costs of operating the business. The difference between total revenues and operating costs in a year represents the operating profit or operating income (or loss) of the business. Other costs, including depreciation and interest costs on financing are discussed in Appendix IV, Net Income, Cash Flow and Return on Investment Analysis. You should reference this Appendix to calculate the projected net income of the business.

Net Income, Cash Flow and Return on Investment

Having calculated operating profit, it is now possible for you to determine whether or not the venture will be feasible. Simply put, you need to decide whether the projected profit from operations is sufficient to repay any debt and to justify the effort and the risks. This is a judgement call you and your investors (if you have any) have to make.

Appendix IV describes the calculations that you have to undertake to determine the net income and cash flow of the business, and to calculate return on investment.

5.4 Is It Worth It?

The requirements for completing a credible feasibility assessment for your business proposal take some time and effort! However, it may be the most important step you take in making your project successful! It is vital that a proper feasibility assessment be done before major commitments are made to establish the business.

Not all business people make the effort to undertake an assessment of their business plan. Without an assessment, they proceed to stake their capital and their livelihood on instinct, on gut feelings, and on the opinions of others who have nothing at stake. With so much at stake, it is worth a little time, effort, and money.

The techniques of a feasibility assessment are not generally understood and some people believe that it isn't possible to predict the future accurately. This is a poor excuse. It is possible to get some guidance on how to prepare a feasibility assessment (this manual is one source, of course); and it is possible to get help to carry it out. And while it may not be possible to predict the future accurately, predicting the future is not really what's involved here.

What is involved here is risk reduction, moving a business proposal from the pure "seat-of-the pants," "gut-feel" level, a different level that is almost certain to prove more accurate than a gut feel. There is a myriad of pieces of valuable information out there, some easily obtained, others not, which can help take the unknowns out of a business judgement.

As well, a feasibility assessment allows you to make a series of small incremental judgements and specific estimates rather than one huge one; and the sum of a series of small judgements and estimates has proven again and again to lead to a more accurate prediction of future performance. In fact, when the estimating is broken down into small pieces, more often than not you will be able to find sources of information to help you make your estimates with a degree of accuracy.

Finally, the process of preparing a feasibility study will indicate a whole series of ideas, opportunities, challenges, and problems for you to consider. As a result, you will be able to

Finally, the process of preparing a feasibility study will indicate a whole series of ideas, opportunities, challenges, and problems for you to consider. As a result, you will be able to actually improve your business plan as a result of doing a feasibility study, as well as develop important insights about what it is going to take to be successful in the future.

The best, and perhaps most important, investment you will make in establishing your business is the preparation of a feasibility assessment.

Where to Get Help

Help in preparing your feasibility study can be found from a variety of possible sources:

- Your accountant.
- Other operators of accommodation properties. You may be able to talk a noncompeting operator into coaching you and helping you with projections. You may have to pay them a fee, but, if you're lucky, they might do it for the ego fun of it.
- Someone who's sold an accommodation business or has retired from the business.
- An official of a financial agency, such as ACOA, the Regional Development Authorities, the Business Development Bank, or the Office of Economic Development.
- Tourism Industry Association of Nova Scotia Resource Centre. This centre contains a wide range of information, training videos, etc.
- A private consultant.

Addresses for many of these sources of help can be found in the Appendices to this manual.

Most of these sources will be free, or at least low cost.

As mentioned earlier, you may decide that the complexities or scale of your project require you to retain some professional expertise to prepare your feasibility study. You may not, in fact, have a lot of choice in the matter, since some lenders and investors will insist on your having a feasibility study prepared by a professional management consultant.

5.5 Preparing a Business Plan

Once you have completed the feasibility analysis, you need to prepare a business plan. The business plan is built on the material you have accumulated to date, and includes a plan of all the steps and processes you need to go through to get the project up and running initially and keep it running successfully in future years. This document should be updated periodically to reflect some of the changes that occur as your plans unfold and should include both strategic issues and normal operating processes. While lenders will almost always ask to review a copy of your business plan, you should not consider it just a means of obtaining financing. The business plan is critical to the ongoing operation and success of your business and you should refer to it often.

The plan itself should contain all of the items outlined in Appendix III, Exhibit III-1 of this manual (the suggested table of contents for a presentation for financing), as well as sufficient additional information to illustrate the steps you will go through to achieve your goal. You will need to document, for example, a Sales and Marketing plan that will provide a strategy and process for you to attract guests to your property. This plan will identify who will be responsible for each task; when it is expected to be done; what the anticipated outcome of the effort will be; and what the effort will cost. Sales and Marketing plans are, on their own, very detailed documents. Some suggestions for the types of things to include in this plan can be found in Section 9.

The business plan will include similar action plans for all other key areas of the company's operations including organization and staffing, operating policies, internal controls, and information systems, etc.

There is no definitive table of contents for a business plan but some suggestions are provided in Appendix III, Exhibit III-1. Knowledgeable operators all agree that these plans are essential for strategizing the direction that you wish to take and detailing the step-by-step actions you have considered to reach your goals. In general terms, the more you put into the plan and the more you refer to it, the more likely you are to reach the targets and objectives you have set yourself. Furthermore, the business plan should always be considered as an evolving document, being changed as external conditions dictate and your own decisions require. Other aspects of your business plan will be considered further in Section 8, Planning for Operations.

SECTION 6

Legal, Regulatory and Tax Matters

Legal and Regulatory Issues
Addendum: Food Safety Regulations
November 2005

Readers of this manual should take note of the following addendum with respect to regulations governing food safety in Nova Scotia. These regulations apply to almost all businesses that serve food to the public and impact the type of business for which this development guide is written. These new regulations may change the information in this section of the report regarding Food Establishment Permits. You should review the appropriate regulations (obtained through the following website www.gov.ns.ca/nsaf/foodsafety/) and talk to a representative of the Food Safety Section, Department of Agriculture and Fisheries to obtain detailed and up-to-date information on the requirements for food safety as they affect your business.

The Health Protection Act, effective November 1, 2005, provides for new food safety regulations in Nova Scotia and establishes provincial standards for restaurants, grocery stores and other places where food is served or sold. The Nova Scotia Food Retail and Services Code is an interpretative guideline that explains how to meet the objectives identified in the Nova Scotia Food Safety Regulations contain within this act. Eating Establishment (Provincial) Regulations will also be available. Both can be obtained from www.gov.ns.ca/nsaf/foodsafety/regulations.shtml

There are a wide range of regulations and guidelines contained within this material that may affect your business and it is beyond the scope of this manual to describe them. However, one that should be noted is the requirement for food hygiene training for the managers/supervisors of food establishments or a designated person in their absence. This includes the owners or managers of a bed and breakfast. As well, operators of food establishments must ensure that food handlers have the necessary knowledge and skills to enable them to handle food hygienically. To assist in meeting this requirement, the Nova Scotia Tourism Human Resource Council has introduced BASICS.fst ONLINE, an on-line food safety training course for food handlers. Information on this course can be obtained through the website, www.tourismhrc.com.

SECTION 6

LEGAL, REGULATORY, AND TAX MATTERS

This section addresses legal, regulatory and tax matters concerned with the establishment of your accommodations business. There are a multitude of laws and regulations that affect business and readers should note that the information contained herein is a guide only.

It is strongly suggested that the reader undertake efforts to verify any information on which their business plan is based and not rely solely on the information in this manual. There are areas where you may want to consider retaining the appropriate professional expertise to assist you.

While the information contained in this manual is believed to be accurate, as of the winter of 2005, it is not so warranted. The reader should note that federal, provincial and municipal laws and regulations change frequently and it is recommended that you check with the appropriate authorities, listed in the Appendix, including representatives of the Nova Scotia Department of Tourism, Culture and Heritage and your local Business Service Centre (on line at www.gov.ns.ca/snsmr or at Access Nova Scotia centres around the province), to obtain up-to-date information on laws that may affect your business.

6.1 Regulations and Licensing

Accommodation Regulations and Licensing

All accommodation properties must be inspected and licensed by the Tourism Division, Department of Tourism, Culture and Heritage. It is necessary to consult with the Tourism Division early on in the planning process of your accommodation property.

As an accommodation operator, you must make yourself familiar with the requirements of the Tourist Accommodations Act & Regulations. As a result of changes made to the Act in 1995, all accommodation properties, regardless of the number of rooms, are required to be licensed by the Tourism Division of the Department of Tourism, Culture and Heritage.

Contact the Tourism Division (www.gov.ns.ca/dtc/tourism and follow the links to Inspection and Licensing) for an Accommodation Licensing kit which will include the Tourist Accommodations Act & Regulations. The kit also contains a license application and other pertinent information you will need in planning your accommodation property. An application must be submitted to the Quality Assurance Section of the Tourism Divisoin along with a license fee to start the approval process.

The Regulations set forth requirements with respect to design and equipment for accommodations, including specific requirements for bathrooms, bedrooms, lighting, beds, etc.

Please advise the Quality Assurance Section when you plan on having your new accommodation ready for occupancy so that an inspection by them can be arranged. The accommodation cannot be opened for business until the inspection has been completed. An operating license will be issued after this inspection. Licenses are renewable on April 1st of each year.

Your accommodation property will be inspected annually by the Tourism Division.

In order to be classified as a Bed & Breakfast by Tourism Nova Scotia, you must serve either a full or continental breakfast, and that breakfast must be included in the price of the room. The maximum number of bedrooms (rental units) for a B&B is usually four. Please refer to the Act & Regulations for further requirements.

Prior to the construction of a new accommodation, or renovations that involve construction, approval is required from the Department of Tourism, Culture and Heritage, the Office of the Fire Marshal, the municipality, the Department of the Environment and Labour, the Department of Agriculture & Fisheries (if you are planning on operating a food service operation as well), and potentially other departments.

Plans and specifications should be drawn by a qualified person and submitted to the Quality Assurance Section of the Tourism Division before you start construction.

Once the plans have been approved by the Department of Tourism, Culture and Heritage, the municipality, the Fire Marshal, the Department of the Environment and Labour, and the Department of Agriculture and Fisheries if necessary, construction can begin. No changes or substitution of materials can be made during renovations or construction of the facility without prior approval. As well, periodic inspections may be made during construction by Quality Assurance Services staff.

Operators meeting the requirements of the Tourist Accommodations Act & Regulations, and licensed by the Department of Tourism, Culture and Heritage may have their properties listed in the Nova Scotia Travel Guide Since this is distributed to most visitors to the province, it is a major source of business and it is important that you be listed in the guide. Accommodations must be inspected and licensed by July 31st in order for your business to be listed in the following year's Travel Guide.

Municipal Regulations and Bylaws

One of the first steps in starting up any new business should be to contact your local municipal office and talk to the Development Officer and Building Inspector. There may be zoning and municipal bylaws which limit or restrict the type of business that can be developed in a given area. Most municipalities in Nova Scotia have some or all of the following regulations that can impact on your development.

- Land use bylaws, e.g. zoning, with parking, and open-space requirements;
- Subdivision regulations and bylaws;
- Building bylaws, including plumbing and electrical codes;

- Building permits;
- Occupancy permits;
- Heritage bylaws - some municipalities also have a Heritage Advisory Council;
- Engineering standards for storm and sanitary sewers, and water services, and roads;
- Municipal property taxes and any applicable charges for pollution control, water supply, and sewage disposal;
- Fire inspections;
- Garbage collection;
- Environmental restrictions.

The building inspector ensures that new or renovated buildings meet several standards, the most significant of which is the Nova Scotia Building Code Regulations, part of the Building Code Act and the Fire Prevention Act. A permit is always required for new construction and for major repairs and renovations, and for any structural additions or changes. The building inspector will require that plans be submitted for commercial or public buildings, and these plans must be stamped by an architect or professional engineer licensed in Nova Scotia. The applicant is responsible for submitting copies of the plans to the Fire Marshal's office (see discussion below), although this can sometimes be done through the building inspector's office or your architect may deal directly with the Fire Marshal's office on your behalf.

In addition, the building inspector may require approval from the Department of Transportation and Public Works for the location of any driveways (often a rural issue), and approval from the Department of Environment and Labour if you develop a building that has an on-site well or sewage disposal system (see discussion below).

Municipalities now require professionals (e.g. architects, engineers and appropriate other professionals such as a structural or mechanical engineer) to not only stamp the construction drawings, but also to inspect the construction and to certify compliance with the drawings on completion of the construction. This will need to be done before an occupancy permit will be issued. In fact, the municipality will require the owner of the building to provide a letter of undertaking that they will retain professionals to do these inspections and provide the certification, when they (the owner) applies for the building permit. The municipality will also determine from which professionals (e.g. structural, mechanical or electrical engineer, architect, etc.) inspection and certification is needed. These requirements apply to renovations/additions and new facilities for most buildings, and for all public buildings.

Nova Scotia Power issues permits and conducts inspections under the authority of the Department of Environment and Labour for new or renovated electrical systems in all facilities. An electrical permit is required before any electrical work can be carried out. It is the responsibility of the contracted electrician to obtain the necessary permits and arrange the inspection.

Once final inspections are completed, an occupancy permit is issued and the facility is ready to open.

Architects Act and Engineers Act of Nova Scotia

Plans and specifications for most buildings and developments will require professional services, as legislated in the Architects Act and the Engineers Act of Nova Scotia. This means that your design and construction drawings will need to be stamped, i.e. approved, by professionals, as designated in these acts.

Fire Prevention and Fire Safety

Under the Fire and Prevention Act, no one can alter, construct, renovate, or reconstruct buildings intended for public occupancy until approval has also been obtained from the Office of the Fire Marshal. (There are some different guidelines for small B&B properties - see the discussion below.) An application must be submitted to the Office of the Fire Marshal for approval, accompanied by building plans and specifications.

It is best to contact the Office of the Fire Marshal (Plans Examiner) during the design process rather than wait until you have completed the design work; in this way, you can make any necessary changes before your plans are finalized.

The Fire Marshal's office will review the building plans and, where necessary give fire safety advice. In general, it takes at least one month for the Fire Marshal to approve building plans for existing buildings. Once the plans are approved, they may not be altered without consent from the Fire Marshal's Office. (It should be mentioned here that the Fire Marshal will **not** conduct a pre-sale inspection of an existing property.) In the case of new facilities and larger projects such as a motel, the building plans must be submitted to the Fire Marshal at least two months in advance of the planned start of construction.

Once construction or renovations are completed, the property must be inspected by the Fire Marshal's Office before the property is inspected and licensed by the Department of Tourism, Culture and Heritage. The Office of the Fire Marshal will conduct this inspection after the local municipality has issued the occupancy permit.

There are somewhat different fire safety standards that apply to B&Bs (usually with up to four rental units and accommodating not more than ten person in total, including residents) than to larger properties. You should refer to the licensing section, including the section on Fire Marshal regulations, of the Department of Tourism, Culture and Heritage web site (www.gov.ns.ca/dtc and follow the links to Inspection and Licensing) for the regulations that will apply to the type of accommodation you are planning or expanding/renovating.

If you are planning on a restaurant, there are additional fire safety requirements that will need to be met. Contact the Office of the Fire Marshal (www.gov.ns.ca/enla/ofm/) for details.

If you are planning on including a swimming pool, there are a variety of different regulations that will need to be followed. You should contract with a specialist in designing/constructing swimming pools to assist you in this respect.

Department of Environment and Labour

As of October 2000, the Departments of Environment, Labour and a number of other regulatory agencies were combined to become the Nova Scotia Department of Environment and Labour with a mandate that encompasses a wide range of issues around the safety of people and property, a healthy environment, employment rights and consumer interests. The Department has a number of divisions dealing with different areas of interest. Check out their website (www.gov.ns.ca/enla) for an up-to-date list of these divisions and the regulations they handle.

Water and Sewage Systems

The design of water and sewage systems must be approved by the Department of Environment and Labour (Environmental and Natural Areas Management Division) and the Department must be consulted during the planning stage of your business. Inspections and approvals will also be required as these systems are installed.

Water

All water provided to guests from taps, faucets, fountains, or other sources is required to be potable and suitable for human consumption. Approval may be required from the Department of Environment and Labour to construct and operate a water system supplying water to the public.

If the accommodation is located in an area where there is a central municipal water system, then only the appropriate municipal regulations apply and the operator does not need to contact the Department of Environment and Labour for approval.

Note that there are also regulations in place governing the testing and monitoring of public drinking water on a regular basis. Check with the Department of Environment and Labour for regulations that apply to your size of accommodation business.

Sewage System

For properties that are not connected to a municipal sewage system, it will be necessary to obtain an approval to install an on-site sewage disposal system from the Department of Environment and Labour before constructing the facility.

In areas where central municipal sewage disposal systems exist, only municipal regulations apply and the operator does not need to contact the Department of Environment and Labour for approval.

Other Regulations under the Department of Environment and Labour

The Department of Environment and Labour is also responsible for occupational health and safety, public safety, labour standards, as well as the Office of the Fire Marshal. The Department also administers acts and regulations pertaining to elevators and amusement devices. Specific regulations that would pertain to an accommodation business include:

- Occupational Health and Safety Act that requires employers to adhere to operational and employee safety standards. A brief overview of this Act and the implications for business operations is provided below.

- Labour standards with respect to minimum wage, employee/employer rights, etc. A Fact Sheet providing general information on the Labour Standards Code is published on the

Internet at www.gov.ns.ca/enla/labstand/lstcode/ or you can contact the Labour Standards Division of the Department for more information.

- The Pay Equity Act is administered through the Labour Services Division of the Department of Environment and Labour. Pay equity means *equal pay for work of equal value* and is a concept that bases wages on the value of work performed, regardless of whether a man or woman is doing the job.

- Indoor Air Quality Regulations;

- First Aid Regulations. There is a Guide to First Aid Regulations available at www.gov.ns.ca/enla/ohs/FirstAidGuide.pdf

- Workplace Hazardous Materials Information [WHMIS] Regulations. A guide to these regulations is available through the Environment and Labour website, Publications section, under Public Safety and Occupational Health and Safety. Note that the Nova Scotia Tourism Human Resource Council offers customized WHMIS training programs for the tourism sector. Check their website at www.tourismhrc.com for details.

- The Elevator and Lifts Act requires licensing and inspecting of elevator units by the Public Safety Office, Department of Environment and Labour, including lifts for physically challenged persons.

- The Steam Boiler and Pressure Vessels Act may apply to the facility depending upon the type and size of any steam boilers or pressure vessels utilized.

The Nova Scotia Occupational Health and Safety Act

The current Occupational Health and Safety Act became law in 1997, with some significant implications for businesses in Nova Scotia. The Act is comprised of some key elements as described below. It is administered by the Occupational Health and Safety Division, Department of Environment and Labour - information, including a "How to Guide" can be found at www.gov.ns.ca/enla/ohs/

The ***Internal Responsibility System*** concept is the foundation of the Act and, simply stated, places the responsibility of workplace safety on all workplace parties. Workplace parties are defined as anyone connected with a particular workplace, including Employers, Contractors, Constructors, Employees, the Self-Employed, as well as Owners, Suppliers, Architects, Engineers, and Occupational Health and Safety Consultants. The Act states in some detail what the responsibilities (i.e. duties and precautions) of all workplace parties are.

The Act also provides employees with three basic rights. These are:

- **The Right to Know** - each employee is entitled to information on issues that affect the health and safety of the employee or that of another person in the workplace;

- **The Right to Refuse** - employees have the right to refuse unsafe or unhealthy work;

- **The Right to Participate** - employees can participate on health and safety committees or be an Occupational Health and Safety Representative, report unsafe conditions, and voice their concerns or opinions on any issue that affects their health and safety, or that of the workplace.

The Act states that a business employing five or more people on a regular basis is required to prepare a written ***Occupational Health and Safety Policy*** indicating that the employer is committed to occupational health and safety, and that the employer will co-operate with employees in striving to meet the goal of a safer and healthier workplace.

A business employing twenty or more people on a regular basis is required to establish and maintain a written ***Occupational Health and Safety Program*** including provisions for:

- The training and supervision of employees;
- The preparation of written work procedures relative to health and safety;
- The establishment of a Joint Occupational Health and Safety Committee or selection of a Health and Safety Representative, where one is required;
- The establishment of a hazard identification program and an accident/incident investigation system;
- The maintenance of records and statistics;
- The monitoring of the implementation and effectiveness of the program.

It is recommended that you obtain a copy of the Occupational Health and Safety Act and any other regulations that may pertain to you.

Department of Agriculture and Fisheries

Food Establishment Permits

The Department of Agriculture and Fisheries manages the regulations pertaining to foodservice facilities. If the accommodation includes an eating establishment, the *Regulations Respecting Eating Establishments* must be followed. These regulations detail requirements for restaurant design and layout, equipment, food preparation, maintenance, sanitary facilities, and other health-related aspects of eating establishments. No person can operate an eating establishment without a Food Establishment Permit, other than a Bed & Breakfast operation that serves only breakfast.

Before commencing construction of a new eating establishment, or before major renovations are made to an existing eating establishment, an application and plans must be submitted to the Department of Agriculture and Fisheries. Once the application has been received, an inspector from the Food Safety Section will carry out an on-site inspection - this must be done before the permit can be issued. Contact the Department (www.gov.ns.ca/nsaf/) to apply for a Food Establishment Permit. After approval is granted, an operating permit will be issued. This permit must be renewed annually - the Department will send out a renewal notice.

Note that you may also require a Municipal Vendors license; as well some municipalities require that food handlers take Food Handler Certification, also available through the Department of Agriculture and Fisheries. Check with your municipality re local requirements.

Nova Scotia Alcohol & Gaming Authority

In order to serve liquor, beer, or wine to the public in eating establishments (e.g. restaurants and dining rooms) or bar lounges, it is necessary to have a Nova Scotia Liquor License. The Alcohol and Gaming Authority should be consulted during the early stages of planning for such a facility so that the application can be made and the required hearing held prior to the opening of the facility. As well, it is necessary to consult the Alcohol and Gaming Authority during the planning stages to obtain information on their design and construction requirements and to make sure that your layout and design meets their requirements.

There are ten different types of licenses available and you will have to select the one appropriate to your needs and facility. Descriptions of the licenses are available at www.gov.ns.ca/aga/licensesummaries.htm#liquor

Specific regulations pertaining to the size of the dining area, the number of seats, and the size of washrooms apply. Copies of the Regulations as well as application kits may be obtained from the Alcohol and Gaming Authority through the website referenced above.

All liquor must be purchased through the Nova Scotia Liquor Corporation although you may purchase wine or beer directly from wineries and breweries, which are designated agency locations provided Liquor Commission forms are used.

Strict hours and age restrictions associated with your liquor license must be adhered to and violations are severely enforced. Holders of liquor licenses in Nova Scotia should be forewarned of the potential liability to which they could be exposed should a guest be injured in an accident following consumption of liquor on your premises. Care must be taken to ensure that neither you nor your employees **ever** serve liquor to guests in situations where they could be considered impaired. If that ever happens, and the guest is involved in an accident, then your property could be held liable for any damages the intoxicated guest inflicts on others.

In order to ensure that you minimize or eliminate that possibility, you and your staff should take the **Its Good Business - Responsible Beverage Service Program** offered through the Nova Scotia Tourism Human Resource Council (www.tourismhrc.com). In January 1994, the Alcohol and Gaming Authority made it mandatory for all owners of licensed establishments to take the It's Good Business - Responsible Beverage Service Program this program within six months of the issuance of their liquor license. The goal of the program is to assist operators in implementing responsible service and developing profitable business practices to reflect changes being experienced in the marketplace. It is not a server intervention program.

Department of Transportation and Public Works

The Department of Transportation and Public Works has a number of regulations that relate to signage for tourism related businesses, including both off-premise signage and on-premise signage.

Off-Premise Signage

Business Logo Program

The Business Logo Program is in effect for controlled access highways only. This program is designed specifically for those businesses offering food, accommodation, fuel and farmer's market services, and allows for the placement of the businesses' logo on a panel, which is shared by up to 6 businesses. The sign panels displaying the logos are placed before exits and at exits along the 100 series highways. Each eligible business is permitted one logo per approach, and must pay an annual fee, plus additional costs for fabrication and installation of the signs.

Under the Business Logo Program, once the approved logo signs are in place for a business, operators will be prohibited from installing any additional signs advertising their product on or near controlled access highways. Regulations under the provincial Public Highways Act prohibit the placement of any unauthorized advertising signage within 1000 metres of centre-line of the public highway. Under these current regulations, all existing advertising signage that does not conform to these regulations will have to be removed by mid-2006.

For further information on this program, or to apply, contact the Department of Transportation & Public Works or visit their website: http://www.gov.ns.ca/tran/highwayops/logosign.asp.

Service Symbol Signage

This program includes motorist service symbols (brown and white or green and white) for services that are essential to motorists such as gas stations, accommodations, and restaurants. Service Symbol Signs are for 100 series highways only and businesses must be located near a 100 series highway to be eligible. These Service Symbols are placed at the bottom of the green Exit signs, and again at the end of the ramp off the highway, and there is no charge to operators. Businesses are responsible for signage after the end of the ramp.

Other Policies for Off-Premise Business Signage on Provincial Roads

There are no provincial policies in place as of winter 2005 regarding the placement of advertising signage within the right-of-ways of secondary roads. Business operators are advised to contact their local municipality regarding policies for advertising signage along public roadways. Business operators should adopt a neighbour-friendly approach and seek permission of abutting landowners before placing any signs, as well as taking measures to avoid blocking existing traffic signage or impede sight-distances. Business operators are also discouraged from placing any advertising signage on utility poles as it presents safety issues for service and maintenance personnel.

On-Premise Signage

Tourism operators wishing to place signs on their own premises should contact their local municipality for guidelines and regulations. As with other types of signs, operators should adopt a neighbour-friendly approach and consult with abutting landowners before placing of any signs.

For businesses located adjacent to provincial roads, there are regulations that apply to on-premise signage. Signs can only advertise business that is conducted on the premises; any new signs have to go either within 10 m of the main entrance point to the property (e.g. parking lot) or not further than 100 m from the main entrance to the building. Signs must be set back a minimum of 10 metres from the right of way for controlled access highways. Signs can be no larger than 28 square metres in area if there is only one business; if there is more than one business operating in the premises, the signs can be up to 51 square metres in size.

As with all regulations, those respecting on and off premise signage may change from time to time. You should check with the Department of Transportation and Public Works for up-to-date regulations affecting your business and the type of highway on which you are located.

Driveways and Entrances

The Department of Transportation and Public Works also has to approve the driveway/entrance to your accommodation property if you are on a provincial highway. This involves consideration of sight lines and speed limits. Contact your regional office of Transportation and Public Works for information.

Accessibility

Design and construction requirements to make accommodation properties accessible to and useable by people who are disabled are included under Section 3.8 of the Building Code Act that sets out the regulations that accommodation properties must adhere to with respect to barrier-free design.

The regulations stipulate that newly constructed hotels, motels, cottages, cabins, and resorts must provide one sleeping unit that conforms to barrier-free design for every 20 sleeping units or part thereof. These regulations also apply to facilities where additions (and possibly renovations) are being made. You should meet with your local Building Inspector to clarify their interpretation of the code in this respect. There is also information on the Department of Tourism, Culture and Heritage web site, under Inspections and Licensing.

Access Canada is a voluntary program designed to help roofed accommodations meet the needs of mature travellers and people with disabilities. Information on the program is available through the Hotel Association of Canada (www.hotelassociation.ca)

Navigable Waters Protection Act

If you plan to construct anything in navigable water (e.g. a wharf), you must obtain approval from Transport Canada's Navigable Waters Protection Division. The Navigable Waters Protection Act is a federal statute designed to protect the public right of navigation in navigable waters. For further information contact the Regional Superintendent of Navigable Waters Protection, Transport Canada.

Note that approvals for wharves and ramps must also be obtained from the Nova Scotia Department of Natural Resources and, in freshwater, the Department of Environment and Labour.

Competition Act

Under the Competition Act, it is a criminal offence to engage in certain kinds of deceptive marketing practices, including inflating regular price, and conducting misleading or false advertising. The act applies to all businesses in Canada and is enforced by the Competition Bureau of Industry Canada.

6.2 Personal Information Protection and Electronic Documents Act

In January 2004, the federal government implemented the Personal Information Protection and Electronic Documents Act (PIPED). This piece of legislation is applicable to all organizations, including all private sector businesses and outlines the responsibilities of an organization relating to personal information collected and stored through the course of normal business activities.

The primary purpose of the Act is to ensure that the privacy of individual consumers is respected in that any personal information, including that relating to age, name, income, social status and credit records; is used for legitimate commercial purposes only and is stored or maintained in a secure fashion.

Following is a basic overview of PIPED[4]:

- If your business wants to collect, use or disclose personal information about people, you need their consent, except in a few specific and limited circumstances.
- You can use or disclose people's personal information only for the purpose for which they gave consent.
- Even with consent, you have to limit collection, use and disclosure to purposes that a reasonable person would consider appropriate under the circumstances.
- Individuals have the right to see the personal information that your business holds about them, and to correct any inaccuracies.
- There's oversight, through the Privacy Commissioner of Canada, to ensure that the law is respected, and redress if people's rights are violated.

It is recommended that organizations develop in-house policies and procedures relating to the retention of personal information. Many businesses have now taken steps to include their privacy policy in their company literature and have it prominently displayed on company brochures, websites, etc.

The Office of the Privacy Commissioner has an online guide to PIPED and a number of fact sheets for businesses available through their website, which can be viewed at http://www.privcom.gc.ca; or by contacting the Office of the Privacy Commissioner of Canada at 1-800-282-1376.

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[4] See: http://privcom.gc.ca/information/guide_e.asp

6.3 Insurance

All accommodation operators should carry insurance, whether they intend to operate a small country inn or bed & breakfast, or a larger property such as a motel or resort.

In general, the main types of insurance you should be aware of are:

- Property or Fire Protection Insurance is the most basic form of insurance and protects your property and buildings in case of fire. This type of insurance is usually required by your lender in order to secure a mortgage for your property.
- Liability Insurance is insurance to cover claims made against your business for bodily injury or property damage arising from your operations. This insurance is commonly known as third-person liability insurance.
- Equipment Coverage is insurance to protect the equipment of your business, including beds, furnishings, housekeeping and restaurant equipment, etc.
- Stock Coverage is protection for goods for resale (i.e. food and liquor) you hold in inventory during the course of conducting your business.
- Business Protection Insurance is loss-of-income protection. Such insurance protects your business from a loss of business revenue if, for example, your property had to close for a few months as a result of a fire.
- Crime Coverage is a type of insurance which protects your business from losses resulting from employee infidelity or theft. This type of coverage can be particularly important for larger accommodation properties and properties which operate restaurants or bars in their facility where theft of money, liquor, or other items can sometimes occur.
- Robbery and Holdup Protection will cover you in the event of a robbery. This type of insurance can be particularly important if your business has a significant amount of cash on hand at any time.

As an accommodation operator, the specific types of insurance you should hold will vary according to a variety of factors, including the size of your business. The insurance premiums you pay each year will depend upon the level of coverage you need.

Talk to an insurance agent who has experience in providing insurance for the accommodation sector about the types of insurance you should carry. In addition, membership organizations such as the Tourism Industry Association of Nova Scotia (TIANS) may be able to provide you with access to more economical group insurance rates than those you could obtain on your own.

6.4 Taxes

Harmonized Sales Tax

The Harmonized Sales Tax (HST) is a 15% value-added tax which replaced the former retail sales tax and GST in Nova Scotia. All accommodation operators including motels, hotels, country inns, and bed & breakfasts are required to register for and collect the HST on the sale of rooms, prepared meals, and beverages if their total sales revenues are in excess of $30,000 in a 12 month period. If you operate a small accommodation business which has annual sales revenues less than $30,000, you are not required to collect the HST. However, you may wish to voluntarily register for and collect the HST. The advantage of doing this is that you can claim a credit (called an input tax credit) to recover the HST you paid for expenses and purchases used for the business.

As soon as you register for the HST, you must charge HST on all rooms and meals. The HST is applied to the total bill.

When you register for the HST, you are given a reporting schedule to follow for your HST returns, depending on the volume of your business. When you complete your return, you deduct all your input tax credits from the HST you charged on your room sales. You are required to remit the difference if the HST you collect is more than your credits; if your credits exceed your payables, you claim an HST refund.

Contact Canada Revenue Agency either in person, via phone (1-800-959-5525), by mail or through the on-line business registry at http://bsa.cbsc.org/gol/bsa/site.nsf/en/index.html and follow the appropriate links for an HST Registration Form and a copy of the Guide for Providers of Accommodation and Meeting Facilities.

HST Rebates to Non-resident Visitors

HST may be rebated to non-resident (i.e., non-Canadian) visitors who stay overnight at your establishment on a short-term basis (i.e. less than one month). Rebates are only permitted for the room portion of the bill - the HST on meals is not rebated. Accommodation operators are encouraged to have the necessary rebate forms for customers available. Non-resident visitors may also obtain an HST rebate for goods such as souvenirs that they purchase and remove from the country.

There are special provisions governing the rebate of HST on short term accommodations sold to tour operators who are selling tours to visitors from outside of Canada. It is possible for tour operators to get the refund directly from the accommodation supplier, either as a payment or as a credit for the tax paid. You should consult with the Canada Revenue Agency directly for details on this program. (This program is described under Tax Refund for Non-Resident Travel Organizers and Foreign Conventions - RC4160).

Employment Taxes

As an employer, you are responsible for deducting income tax, Canada Pension Plan (CPP) contributions, and Employment Insurance (EI) premiums from the wages and salaries you pay your employees. You are also responsible for remitting these amounts on a monthly basis to the

Receiver General for Canada, along with your share of CPP contributions and EI premiums that you pay throughout the year on your employees' behalf. You are also required to report these amounts on an annual information return and prepare annual T4 information slips for your employees.

The Canada Revenue Agency is responsible for ensuring these requirements are met. The department handles enforcement and some collection activities related to payroll deductions, prepares the Payroll Deduction Tables used by employers for calculating deductions, and determines employee insurable earnings for Employment Insurance and pensionable employment for the Canada Pension Plan.

Contact your local Canada Revenue Agency office for more information and a New Employer kit.

Nova Scotia Workers' Compensation

Under the Nova Scotia Workers' Compensation Act, various industries are mandated to pay for compensation coverage to protect employees from income loss and medical expenses resulting from job-related injuries. Under the Act, you are required to pay a premium based on the dollar value of wages you pay your employees, unless you employ less than three employees. (If you employ three employees or less, you are exempt from this regulation.)

Contact the Nova Scotia Workers' Compensation Board (www.wcb.ns.ca)for additional information regarding regulations, the specific premiums applicable to you and a copy of the registration form.

Corporate Income Tax

Corporations

If your business is federally or provincially incorporated, you must file a corporate income tax return. This requirement also applies to incorporated not-for-profit organizations.

Be sure to file your corporate income tax return within six months of the end of the taxation year. The taxation year of a corporation coincides with its fiscal year. The services of an accountant are recommended in completing your income tax return as financial statements are required to be attached to the T-2 Corporate Return. You can obtain a copy of the T2 Corporation Income Tax Guide and schedules from the Canada Revenue Agency (CRA).

Corporations are required to pay monthly installments to cover Corporation Income Tax in the 2nd year of operation and all following years if their federal taxes exceed $1,000.

Sole Proprietorships and Partnerships

The income from a sole proprietorship or partnership is accounted for on the personal income tax of the individual proprietor or partner. Your taxable income is essentially your business income minus any eligible business deductions. A separate Partnership return is required if there are more than five partners in the partnership.

For additional information or Income Tax forms, check the Business Section of CRA's website (www.cra-arc.gc.ca) or contact them by phone at 1-800-595-5525.

Business Occupancy Tax

Occupancy tax is an annual municipal tax that is administered and collected by your local municipality. The tax is charged on nearly all commercial buildings in Nova Scotia, and is applied at a fixed percentage based on the assessed value of a building, taking into consideration the commercial value of the building (based on the value of the building and its rent per square foot), and the assessment rate which applies to a particular type of business. The provincial Assessment Division (Service Nova Scotia and Municipal Relations) is responsible for determining the assessment value of your property for occupancy tax purposes.

There are plans to introduce legislation in the Spring of 2005 to eliminate the Business Occupancy Tax in Nova Scotia.

Contact your local municipal tax office or the Assessment Division of Service Nova Scotia and Municipal Relations with enquiries regarding occupancy tax.

6.5 Registration of Companies

Provincial Business Registration

All business owners are required to register the name of their business, although the manner of doing this varies depending on the type of business structure established. Appendix IV provides comments on different types of business structures and the advantages and disadvantages of each. The Nova Scotia Business Registry is now available on line at www.gov.ns.ca/snsmr/nsbr/
Partnerships and Sole Proprietorships

The Partnership and Business Names Registration Act, administered by the Nova Scotia Registry of Joint Stock Companies, requires the registration of sole proprietorships and partnerships in the province.

If a partnership has two or more partners, the partnership must appoint a recognized agent who is a resident of Nova Scotia. One of the partners may be the agent.

An annual registration fee is charged. The registration year runs from April 1 to the following March 31. In addition, there is a charge for conducting a NUANS (Newly Updated Automated Name Search) to verify that your business name is not already being used by another business in Atlantic Canada. A NUANS search may be ordered through the Registry of Joint Stock Companies, Access Nova Scotia, or a private research house.

The registered name of the partnership or sole proprietorship will be protected and no identical or similar name will be permitted in Nova Scotia.

For further information, contact the Registry of Joint Stock Companies at
www.gov.ns.ca/snsmr/rjsc/

Corporations

Corporations are required to be registered in Nova Scotia under the Corporations Registration Act. If you wish to establish a Nova Scotia corporation, the first step is to request a NUANS of your corporate name to verify that it is not already being used in Atlantic Canada. A fee is required for each NUANS request. Incorporated companies are required to include the corporate designation Limited or Incorporated as the last word in the business name.

Once your business name and incorporation has been approved, you are required to pay an annual fee to register the business in Nova Scotia. The registered name of your corporation will be protected and no identical or similar name will be permitted in Nova Scotia. Every incorporated business must appoint a recognized agent who is the person that receives official correspondence. This Agent does not have to be a lawyer but he/she must reside in Nova Scotia.

All business registrations can be completed on line through the Nova Scotia Business Registry (www.gov.ns.ca/snsmr/nsbr), via phone (1-800-225-8227) or in person at any Access Nova Scotia location.

Federal Business Registration

Partnerships and Sole Proprietorships

There is no registration for partnerships or sole proprietorships at the federal level. Businesses wishing to operate in more than one province must be provincially registered in each province in which they wish to conduct business.

Canada Corporations

If you are considering incorporation, you have the option of being incorporated at the Federal level under the Canada Business Corporations Act (CBCA). This replaces the need for provincial incorporation.

Federal incorporation is often chosen for the heightened name protection it provides and may be particularly useful to you if you plan to carry on business in more than one province. Location flexibility is another advantage of federal incorporation. For example, the CBCA does not set restrictions regarding the province where your head office is located. However, you may still be required to register with provinces where extra-provincial operations will be carried out. For Nova Scotia, this can be done at the same time as your Federal incorporation is completed on-line.

As with provincial corporate registration, you are required to have a name search conducted (NUANS) and pay an annual corporate registration fee. Your business must be registered to do business in Nova Scotia, even if it is a federal corporation.

Contact Corporations Canada (www.coprorationscanada.ic.gc.ca), or the Canada/Nova Scotia Business Service Centre for incorporation and registration information.

Business Number Registration

The federal government business numbering system, or BN, is a numbering system designed to simplify the way businesses deal with government. When you start a business and open one or more Canada Revenue Agency (CRA) business accounts (e.g., corporate income tax account, payroll deductions account, or harmonized sales tax /goods and services tax (HST/GST) account), you will automatically be assigned a unique Business Number which identifies you and the various accounts you have. This streamlined system allots your business one number only with which to deal with the federal government, replacing the multiple numbers that businesses required in the past. You can register for a BN on line at www.cra-rc.gc.ca/business .

Businesses that register for the BN will obtain one-stop business services from the Canada Revenue Agency, including new business registration, adding new accounts, updating account information, and account enquiries.

In most cases, new corporations will automatically receive a BN from CRA within 45 days of incorporating at the federal or provincial level. Contact CRA if you need to have a Business Number issued to you before this time.

Contact the Canada Revenue Agency for a copy of the registration application form and guide or register on line. You may also register by phone, in person, by mail, or by fax. (If you are a corporation, your company must be registered and you must also provide a copy of your Certificate of Incorporation to be registered for a Business Number.)

SECTION 7

Design

SECTION 7

DESIGN

Once the target markets have been identified, the concept elaborated, and its feasibility assessed, you can begin to look at the overall design of the facility. **Don't forget that the Department of Tourism, Culture and Heritage must approve your project, under the Tourist Accommodations Act & Regulations before you proceed with construction.**

7.1 Hiring Designers

It is strongly recommended that you hire professional design help. The small increase in costs will be more than amply repaid with a more workable and appealing property. Make sure you hire designers with expertise and experience in designing commercial accommodations. This is specialized design work, and not all architects are skilled in understanding the workings of such a business.

Whom do you hire and how do you hire them?

You should hire an architect to design the proposed building. He or she will produce the building design and will coordinate the work of other specialists who might be required, including an interior decorator, restaurant/kitchen designer, landscape architect, engineer, etc. Basically, the architect functions as project manager for the design work.

If you are establishing a B&B or doing minor renovations or upgrading, you probably will not need a designer, unless you need some design assistance to determine, for example, the best way to construct private bathrooms. However, you may want to do some research on your own about appropriate decor and about the types of features you should incorporate into the rooms. You should also consider the Canada Select Accommodation Rating Program requirements for your type of property, since design factors such as the size of the rooms and the type of furniture and fixtures you provide can affect your star grade level.

Selection of Designers

We suggest that you not necessarily hire the first architect to whom you talk. Ask around the accommodations industry who are the credible, experienced local architects and designers. If there are none or only one or two available locally, consider others farther away who have expertise in designing accommodation. You should also ask for an estimate of fees.

Contact several and ask them to send you information on their company and its experience with hotel and other accommodation property design, with examples of their work. Meet with those you think might qualify; see if the chemistry works for you; challenge them with your design program and capital budget. Get some client references and check them out. Ask their clients whether their buildings work well and if they were completed on budget. (Beware of designers looking to fulfil their creative aspirations at your expense. You want one who is creative but not at the expense of higher costs.)

7.2 Design Guidelines and Suggestions

You will need to clearly identify your potential clientele prior to entering the design phase. Not only does this affect the type and layout of rooms but also what types of food service and amenities you will have. If you plan to have food service, your market will determine the extent of the menu and subsequently the layout of the production area. Certain markets will demand different concepts, e.g. fine dining, casual dining, limited service, etc.

The timing of the start of the design work is particularly important and this is not generally recognized in the tourism industry. Too often, designers are authorized to start work too early and given carte blanche for the project. The right way is to hire the designer after you have a clearly defined, market-based concept for the business, in addition to a feasibility study that indicates how much you can afford to spend.

Your work on concept development and feasibility to this point will help you define a specific program for the designer, consisting of the following elements:

- The customer segments you are targeting; their needs and wants;
- Number of rooms, their features, and the standard of accommodation;
- Support services and amenities;
- Total project budget.

You need to review your intended design program with the architect as a first step, and have him or her prepare a preliminary layout for your review. The architect should also prepare preliminary capital-cost estimates at this point to ensure that the design is affordable in the context of the feasibility assessment. In other words, you will already have a good idea of the level of capital investment warranted for the project. You want to make sure the architect stays within this budget.

The design should be done to best appeal to customers but also should be laid out to optimize the efficiency of your employees and maximize the general operations of the business. An accommodation property is not just a building, it is a working/living space for staff and guests. It needs to be designed around the working and living requirements of its guests and staff.

If you are thinking of a franchise affiliation, you will need to conform to a number of design criteria established by the franchise company. Many companies have a standard development package. Contact those in which you are interested. They will be happy to send serious developers a package of materials outlining their expectations of a franchisee and the requirements for obtaining a franchise.

A well-designed property will have adequate public spaces, be secure, provide a maximum level of safety for the guests and employees, and most of all, provide suitable and comfortable rooms for the guests.

A well-designed restaurant allows the guests to have an enjoyable meal in comfortable surroundings and encourages people to come back again. (We suggest you obtain a copy of the restaurant manual from the Department of Tourism, Culture and Heritage if you are planning to have a restaurant on the property. It offers suggestions on kitchen and restaurant design.)

Design factors include more than layout and decor. They also include environmental factors, control of odours and noise, lighting, menu design, parking, washrooms, maintenance factors, flexibility, ability to keep things clean, staff morale, heat control, good signage, and many other factors.

There are some other fundamental things which must be taken into consideration in the design process:

- **Access:** Careful choice of name, signage, exterior decor, convenient parking, and landscaping will convey to the customer much of what your accommodation has to offer. Getting people to turn in at your property should be one of the challenges for the designer.

- **Flow**: The work flow is a critical factor in the efficient operation of a lodging property. Employees should be able to serve the customer without bottlenecks, have sufficient work space, and have the tools with which to do the job.

  The service area in the restaurant should be on a single level. It is not appropriate to expect servers to run up and down stairs in order to do their jobs.

  Housekeepers should have linen closets on the floors on which they are working and carts which are well organized so they do not have to search constantly for cleaning products and guest amenities.

  Customer flow is also important. Minimize walking distances as much as possible. There should be adequate waiting space in the lobby and restaurant in case there is excess demand.

  You should expect to receive people who are disabled and should take barrier-free access into consideration in the design of your entrance, washrooms, and seating. This issue was discussed in Section 6.

- **Finishes:** Buying the cheapest may turn out to be most expensive in the long run. For example, if you buy an inexpensive floor covering you will probably have to replace it in the short term and this may be at great expense and inconvenience. Ceramic or tile floors may cost more to begin with but are much more durable and pleasing to the health inspector. It may also turn out that the staff can do their jobs more efficiently, thereby increasing sales, reducing costs ,or both.

  Use finishes that are attractive but also durable and easy to clean.

- **Furniture, Fixtures and Equipment (FF&E):** Selection of room furnishings should focus on durability and comfort. Pick materials that are easy to clean. Before you buy any chairs, be sure you actually sit in them for a period of time. Popular styles are a good idea, since replacement supplies will be more readily available.

7.3 Accommodation Rating

Nova Scotia participates in the national Canada Select Accommodations Rating Program. This program sets out standards for achieving grades of one to five stars. These standards provide good guidance for accommodation design and will be particularly helpful in ensuring that your property meets the right standards for the market position you intend to occupy. Contact the Nova Scotia Canada Select office for information on this program, and a copy of the rating criteria which set out the standards for each type of accommodation. Information can be found on the Canada Select website at www.canadaselect.com

The Canadian Automobile Association operates a North America-wide grading program (CAA/AAA) which is widely used by travellers in selecting accommodations. Contact CAA for information on this program and its standards.

7.4 Development Planning Process

Exhibit 13 illustrates the process you should follow in planning the development of your accommodation property. This exhibit refers to a number of regulations and licensing requirements which were described in detail in Section 6.

EXHIBIT 13

STEPS TO RENOVATING, EXPANDING, OR BUILDING AN ACCOMMODATION PROPERTY

STEP 1

Consult with the Tourism Division, Department of Tourism, Culture & Heritage;

Obtain necessary application forms and regulations from the website (www.gov.ns.ca/dtc)
Discuss your business concept with Quality Assurance Services staff in the Department

STEP 2

Review Business Concept/Idea with Municipality

Discuss your business concept/idea with your municipal building inspector.
Your municipality will have various bylaws regarding:

- zoning and land-use bylaws
- municipal building requirements

STEP 3

Prepare building plans and specifications

Consult with each of the following government bodies in the planning of your facility:

- Dept. of Tourism, Culture & Heritage - Tourism Division
- Dept. of the Environment & Labour (e.g. for water and septic requirements, eating establishments, swimming pools)
- Dept. of Transportation and Public Works
- Municipality (zoning, land use bylaws)
- NS Alcohol and Gaming Authority (if planning to serve liquor, e.g. eating establishment, lounge)
- Dept. of Agriculture & Fisheries (for eating establishments)
- Dept. of Environment & Labour, Office of the Fire Marshal
- Nova Scotia Power Corporation (electrical permit)

STEP 4

Obtain Approval for Construction of Facility

Copies of your building plans and specifications must be submitted to each of the following:

1. Municipality (to obtain Building Permit)
2. Department of the Environment & Labour (to obtain an On-Site Sewage Disposal System Permit for septic and water requirements)
3. Dept. of Environment & Labour, Office of the Fire Marshal
4. Dept. of Agriculture & Fisheries (to obtain a Food Establishment Permit)
4. Dept of Tourism, Culture and Heritage
5. Others, as per your discussions in Step 3

STEP 5

Begin Renovations/Construction

STEP 6

Obtain Occupancy Permit

Once construction is complete, final inspections will be conducted and, on approval, an occupancy permit can be issued by your municipal building inspector.

EXHIBIT 13 continued

STEPS TO RENOVATING, EXPANDING, OR BUILDING AN ACCOMMODATION PROPERTY

STEP 7

Fire Marshal Inspection and Approval

Once the Occupancy Permit is issued, the Fire Marshal will inspect your property.

STEP 7

Department of Tourism, Culture & Heritage Inspection and Licensing

Once approval is issued by the Fire Marshal, arrange with the Tourism Division to license your property. They must inspect your property and issue a license before you open. Inspections will be required for other licenses, as necessary such as NS Agriculture and Fisheries for Food Service Establishment, Alcohol & Gaming Authority, etc.

SECTION 8

Operations

SECTION 8

OPERATIONS

This section presents a variety of suggestions for planning the operation of the business.

8.1 Organization Structure

You need to figure out your management and staffing requirements. The areas of management that will have to be covered include:

- General management: planning, budgeting, finance, overall supervision of each area of operation below;
- Rooms operations: housekeeping, maintenance, front desk, and reservations;
- Food and beverage: kitchen and food service (where included);
- Marketing: Website and Internet marketing, advertising, sales, group sales, promotions, co-op and contra activities, market research;
- Internal systems : technology/computers, banking, bookkeeping, management reports, tax remittances, payroll, collections, and purchasing;
- Human resources: staff hiring and training.

Larger operations may have departments for each of these activities. Small ones will combine them. For example, in a small property, the general manager/owner and a part-time assistant would supervise all areas directly and perhaps hire front desk and housekeeping staff, kitchen and dining room staff (if there is food service), and a part-time bookkeeper. Keep the management team small initially; you can always add more people if you really need them, but it is much harder to downsize if you have too many.

8.2 Staffing and Training

Selecting Staff

The staff you place in positions that deal directly with guests need to have the following qualifications in addition to the specific skills they require for their positions:

- An outgoing, friendly personality;
- Good manners and interpersonal skills;
- Good grooming;
- An enthusiastic attitude;
- A good work ethic;
- A commitment to guest service.

Hiring Tips

The following is a list of hiring tips which can be applied to staffing during business start-up or to hiring seasonal or replacement staff:

- Develop job descriptions that will meet the needs of your operation, based on the occupational standards for each occupation.
- Advertise for staff in local media; check out the Nova Scotia Tourism Human Resource Council on-line job board (www.novascotiatourismtalent.com); contact the nearest Human Resources Centre of Canada; contact placement offices of public or private training institutions offering programs in tourism or hospitality; post notices on local community bulletin boards. To the extent possible, look for applicants who are Certified under the **emerit** Standards and Certification program described in the next section.
- Screen applications and develop a short list of qualified candidates for interviewing.
- Interview applicants: it is recommended that the same list of questions be asked all applicants and that consistent criteria be used in your evaluation. This will help you to make sound hiring decisions.
- Select final candidates for positions required. Ask for and always check references. The middle of the season is no time to discover that a staff member's poor performance had been experienced by an earlier employer.
- Make the job offer. At this time, clarify roles and responsibilities, training opportunities for staff, performance expectations, remuneration and benefits, terms of employment for the season, etc.

Training

In any guest-oriented operation there are two sides to service: procedural, requiring technical skills and personal, requiring human relations skills. Training should be based on the National Occupational Standards and Certification should be a goal for all employees. Research on the tourism industry in Nova Scotia has shown that hospitality management and staff place a high value on training in areas related to interpersonal skills, guest service, and communications.

It is important to recognize the benefits of training so that staff will be able to meet your standards of service. The specific benefits of staff training are:

- Increased skills and knowledge;
- Increased success in performing job functions;
- Improved attitude, self esteem, and morale;
- Better service, higher productivity, and lower turnover;
- Increased guest satisfaction.

Staff training can take the form of on-the-job training or job shadowing; or formal training on or off site. Usually training for seasonal operations combines the two. Experienced staff will benefit from spring training, and a good orientation program is a priority for all staff at the beginning of the season. In year-round operations, training should be considered ongoing. Staff meetings may be difficult to organize in the height of a busy season, but even short communications meetings with staff throughout the year are helpful to the smooth running of the property. Departmental meetings within the property are often the most productive when dealing with operational issues. However, general staff meetings from time to time promote strong team building among all staff.

Guest Service Programs

Guest service involves anticipating guest needs, providing for their needs and/or requests, and dealing with challenging situations. Success in guest relations depends very much on all staff being service oriented.

Guest service programs (one or two day) have been shown to be beneficial to staff; and holding a pre-season seminar on guest service will help motivate staff as they prepare for the busy season. *SuperHost Atlantic - Expect Excellence!* is a frontline program offered throughout the province.

SuperHost Atlantic - Expect Excellence! is an internationally recognized Quality Customer Service Training Program that focuses on communication and customer service. This seven hour interactive workshop examines attitudes to service and interactions with customers. The program is suitable for any business that deals with customers and is an inspiration for commitment to service excellence. Information on SuperHost can be accessed through the Nova Scotia Tourism Human Resource Council (www.tourismhrc.com). The NSTHRC also offers a number of other customer service training programs including Service 1st - Making the Connection!, Team Excellence, Stress Management, Workplace Etiquette, Sales Powered by Service and Managing Service Excellence, as well as a host of other programs.

You could develop and deliver your own training sessions or hire an outside consultant or training organization to do it for you. Training resource materials can be found through the Regional Tourism Association or the Nova Scotia Tourism Human Resource Council.

A guest service program for frontline staff should include:

- Human relations/communications skills;
- Guest expectations;
- Tourism awareness;
- Product knowledge;
- Local knowledge;
- Giving directions/map routing;
- Handling difficult situations.

emerit Standards and Certification

Nova Scotia's Tourism Human Resource Council is a partner with the Canadian Tourism Human Resource Council in the development of National Occupational Standards and manages the process for Nova Scotia. Standards and Certification are being developed for occupations in all sectors of the tourism industry, and standards currently exist for 49 occupations. Certification is available for 25 of these occupations.

Standards are statements outlining the attitude, knowledge and skills required of an individual in order to be considered competent in an occupation. Standards clarify expectations and can be used to design consistent training, education and professional development programs. The Standards development process involves the sharing of expertise from industry professionals who perform the job, as well as their supervisors who are recruited to develop the content of the Standards.

Certification is the recognition of an individual's competency in his or her occupation. National Certification is a three-step process involving a written examination, performance review and industry evaluation. It is voluntary, candidate driven and designed to be completed on the job. Professionals who achieve National Certification will be recognized across the country for meeting industry requirements in their selected occupation. The candidate must be employed in the occupation and must have achieved a minimum number of hours of work experience (the number of hours varies depending on the occupation), prior to completing Certification.

Flexible learning options for the industry now allow new entrants to gain a solid foundation while experienced and knowledgeable candidates can challenge the option that best suits their needs. What each candidate learns is credited towards future learning - creating recognition of prior learning and allowing candidates to move towards the pinnacle - **emerit** National Certification - at their own pace.

Learners can select the best option for them:
1.Standards/Workbook study
2.Online Learning
3.Study selected modules to enhance performance of specific skills
4.Challenge full certification

The development of Standards and the implementation of Certification is having various positive impacts on the tourism industry, as follows:

- Enhancing the image of tourism occupations;
- Enhancing human resource management skills in the tourism industry;
- Providing practical, realistic training programs for tourism occupations;
- Raising the overall level of professionalism in the industry.

More details on Standards and Certification, and a listing of the occupations for which standards have been developed can be found at www.emerit.ca and in Appendix VI. Additional information on human resource tools and certification can be obtained from the Nova Scotia Tourism Human Resource Council.

Training Opportunities

There are a broad variety of training services available to the accommodation sector in Nova Scotia. Community colleges, universities, private trade schools, and consulting/training firms can provide stock or individually designed training programs for you and your staff.

Public Institutions in Nova Scotia offering tourism and hospitality training include:

- Nova Scotia Community College (NSCC), at various locations;

- Mount St. Vincent University (MSVU), Halifax;
- Cape Breton University, Sydney.

Skills training and upgrading programs specific to the needs of tourism businesses are sponsored through the Nova Scotia Tourism Human Resource Council. Visit their website at www.tourismhrc.com for up-to-date information on training programs available. Also, some training programs are now available on-line, such as the Responsible Beverage Server Program, WHMIS and Food Safety Training.

Professional trade associations related to the Accommodations/Food and Beverage sectors offering professional development opportunities for you and your staff include:

- Canadian Foodservices Executive Association (CAFP);
- Restaurant Association of Nova Scotia (RANS);
- Canadian Restaurant and Foodservices Association (CRFA);
- Canadian Federation of Chefs de Cuisine (CFCC);
- Nova Scotia Chefs and Cooks Association (NSCCA);
- Hotel Association of Nova Scotia (HANS).

8.3 Environmentally Sustainable Operations

Increasing emphasis is being placed on the operation of tourism businesses in Nova Scotia in an environmentally sustainable manner. The manager and staff of your accommodation business should be aware of the principles of sustainable tourism, and you should operate your business in a manner that is consistent with these principles. The Tourism Industry Association of Nova Scotia has a Self-Audit Workbook for tourism businesses.

There are a number of other programs you may want to consider:

- The Hotel Association of Canada's "Green Key Ecommodation Rating Program" (check out information on this program at www.hotelassociation.ca/programs)

- Audubon Green Leaf Eco-Rating Program

- Courses at the Gros Morne Institute for Sustainable Tourism (GMIST) in Newfoundland and Labrador. GMIST is offering a range of programs for tourism operators addressing different issues around sustainable practices.

8.4 Pricing[5]

The pricing of your accommodations should take into consideration the competitive situation, of course, but the core of the pricing method should be based on cost analysis. The objective should be a price schedule which meets all of the following criteria:

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[5] This material has been adapted from *Tourism is Your Business: Marketing Management*, Published by Canadian Hotel & Restaurant, Maclean Hunter Limited in co-operation with Tourism Canada and the Canadian Government Publishing Centre, 1986. The material in this manual was originally prepared by The Economic Planning Group.

- Provides perceived good value to consumers;
- Is competitive;
- Is sufficient to recover all costs and make a contribution to profit;
- Provides for a program of appropriate discounts and commissions;
- Provides the basis for a yield management approach (a discussion of yield management is presented later in this section).

There are several methods of setting the price for your product, the main ones are:

- Intuitive: The "gut feel" approach. This method is often practised by small-and medium-size businesses, but there are no advantages to it. How do you know if you have set your prices too low or too high?

- Competitive: Based on what your competitors are charging. This approach gives no consideration to the operating and financial realities of your business. Do you know if your competitors are making money? A hybrid is the follow-the-leader method, where everyone else in the market sets their prices to compete with the most successful property in the market.

- Trial and Error: Prices are intentionally varied over time to see what revenues they generate. The price/volume combination that produces the highest profit is eventually identified. However, there are many factors other than price that affect volume and they will reduce the reliability of this approach.

- Target Pricing: This is a cost-based pricing method. Your projections of expenses and demand are used to set a rate that will generate the revenue and return on investment you are targeting.

- Discount Pricing: This pricing method is designed to help you make the short-term pricing decisions that may sometimes be necessary to attract a particular type of business, a motorcoach tour, for example.

The best way is to use the target pricing method as your primary method and then use a combination of the competitive method and the discount method to adjust prices for different market segments and different time periods.

Exhibit 14 presents a worksheet to assist you in pricing your accommodations. It is based on the cost- based, target-pricing approach and employs what is known in the industry as the Hubbart Formula.

Whatever pricing method you follow, keep in mind the following rules:

- Make sure you know the costs of supplying each of your products and services;
- Make sure you know the impact of price and cost changes on your sales and profits;
- Follow your competitors only if you stand to increase your profits;
- Never discount your prices below your variable costs (costs that are linked to each customer, rather than the business as a whole; e.g. room supplies versus front desk staff);
- Check your pricing decisions against your guests' reactions, not just against your own judgement;

EXHIBIT 14

THE HUBBART FORMULA FOR PRICING ACCOMMODATION

Desired pre-tax profit (or desired net profit plus projected business income taxes)

PLUS

Interest per year on all debt
Depreciation (or principal payments on long-term debt)
Overhead expenses for the year (municipal taxes, insurance, administration and general expenses, energy costs, property operation and maintenance, etc.)
Marketing costs

MINUS

Projected food and beverage contribution to overhead (revenues less direct expenses for materials, supplies, and kitchen and service labour)
Projected contribution to overhead from other revenue sources (telephone, gift shop, etc.)

EQUALS

Required Room Profit (contribution to overhead and pre-tax profit)

PLUS

Room expenses (room supplies, housekeeping wages, front office wages and expenses)

EQUALS

Required Room Revenues

ALL DIVIDED BY

Projected number of occupied room nights

EQUALS

Average required net revenue per occupied room night ($)
(Net of discounts and commissions)

Source: *Tourism is Your Business: Marketing Management*, Published by Canadian Hotel & Restaurant, Maclean Hunter Limited in cooperation with Tourism Canada and the Canadian Government Publishing Centre, 1986. The material in this manual was originally prepared by The Economic Planning Group.

Never assume your guests are not willing to pay more;

- Never price gouge your guests.

You should review your pricing annually against the prices charged by your competition as well as your operating results and budget and make decisions about any changes to your prices.

Don't forget that you will have to work out prices for adults, children, seniors, etc., as described in the worksheet.

Applying the Hubbart formula gives you the average daily net revenue required from each room. This will be the same as your average net room rate, or average daily rate (ADR).

This is an average rate and does not speak to the rates for specific types of rooms (preferred view vs back lane, suite vs small room, room with/without bath, etc.), or to specific markets and types of guests (single vs double, seniors, children, commercial travellers, meeting attendees, etc.) It is also a rate which is net of commissions and discounts offered to certain markets and at different times of year (travel agent commissions, group discounts, off-season discounts, special value packages, etc.).

You will need to convert the net average daily rate into a series of retail, or rack rates for each of the above.

Exhibit 15 presents an example of the application of the Hubbart formula. It has been adapted from a publication by Tourism Canada entitled *Tourism is Your Business - Marketing Management*. In addition to the basic formula, we also present a number of worksheets to be used to convert the net average rate into rack rates for each market and season. This case presents the pricing of the Valucan Hotel, a 50- room hotel with a capital cost of $2,250,000, of which $1,500,000 was financed with a mortgage and $750,000 with owner's equity.

Yield/Revenue Management

The rooms portion of the accommodations business is characterized by having a relatively high proportion of fixed costs relative to variable costs. In other words, most of the costs are not affected by the rental of a single room. Only the costs for room supplies and housekeeping wages are materially affected by renting an extra room. The variable costs may amount to only $7 or $8, while the room rate might be $90 or $100.

The accommodations business is like the airline industry in this respect. The extra costs of carrying one more passenger are nominal compared to the overall cost of flying the aeroplane.

Businesses of this type can benefit from a yield management program. In fact, the airlines have yield management down to a fine art, and it constitutes a major portion of their pricing and marketing tactics. The accommodations industry, which can equally benefit from yield management, has been generally a little slower to adopt the technique, but it is becoming widespread today. . The accommodation sector call this revenue management, so we will use that term.

EXHIBIT 15

PRICING WORKSHEET

Step 1: Calculate targeted average room rate with Hubbart Formula

Desired after-tax return on equity		16% x $750,000		$120,000
PLUS				
Income Taxes (25% of pre-tax income)		$\frac{\$120,000}{1.00 - 0.25} \times .25$	$40,000	
Mortgage Payment		12% x $1,500,000	180,000	
Insurance*			15,000	
Municipal Taxes*			16,000	
Asset Replacement Allowance*			75,000	
Administration and General*			250,000	
Marketing*			80,000	
Energy Costs*			75,000	
Property Operation and			80,000	
Maintenance*			$811,000	$811,000
* Taken from the operating budget for year two, which we have assumed the owners have drawn up.				**$931,000**
MINUS		$450,000 + $165,000*	$615,000	
Food and Beverage Revenues			15,000	
Telephone Revenues			0	
Other Departmental Revenues			$630,000	($630,000)
PLUS				
Food and Beverage Expenses	- Food Cost	40% x $450,000	$180,000	
	- Beverage Cost	35% x $165,000	57,750	
	- F&B Labour	35% x $615,000	215,250	
	- Other F&B Cost	10% x $615,000	61,500	
		Subtotal	$514,500	
Other Departmental Expenses	-Telephone	140% x $15,000	21,000	
	-Other		0	
		Subtotal	$21,000	
Total Departmental Expenses				$535,500
EQUALS Required Room Profit	—			$836,500
PLUS Room Expenses (25% of Rooms Revenues)	$\frac{\$836,500}{1.00-0.25}$	x 0.25		278,833
EQUALS Required Room Revenues				$1,115,333
DIVIDED BY Projected Number of Occupied Room Nights (Assuming Occupancy of 65%)		(50 x 365) x 65%		11,863
EQUALS Target Average Net Rate per Occupied Room Night		$\frac{\$1,115,333}{11,863}$		**$94.02**

*Projections of food & beverage sales

EXHIBIT 15 continued

PRICING WORKSHEET

Step 2: Calculate Specific Room Rates for each Target Market

We will assume that the owners have calculated the following for each of their five target markets:

TARGET MARKETS	OCCUPIED ROOM NIGHTS	PERCENT	DISCOUNTS OFFERED	AVERAGE NO. OF PERSONS PER ROOM
Regular Business Travellers	3,559	30%	0%	1.0
Commercial Rate Business Travellers	3,559	30%	10%	1.0
Conference/Meeting Groups	1,186	10%	10%	1.5
Bus Tour Groups	594	5%	15%	2.0
Pleasure Travellers	2,965	25%	0%	2.5
TOTAL	11,863	100%	—	1.5

Based on these figures, the owners can now adjust the average rate per occupied room night, calculated with the Hubbart Formula, to take account of the discounts they are planning to offer. This adjustment is made by weighting the discount factors for each target market, on the basis of the percentage of business that each of these markets will generate. The calculation is as follows:

$$\textbf{Required Average Rate Before Discounting} = \frac{\$94.02}{(0.3\text{x}1.0) + (0.3\text{x}0.9) + (0.1\text{x}0.9) + (0.05\text{x}0.85) + (0.25\text{x}1.0)}$$

$$= \frac{\$94.02}{0.9525}$$

$$= \$98.71$$

The owners can now use this average to calculate the specific rates they will charge each target market, based on the discounts identified above.

REQUIRED AVERAGE RATES BY TARGET MARKET	REQUIRED AVERAGE BEFORE DISCOUNT	LESS DISCOUNT	AVERAGE RATE	SINGLE RATE	DOUBLE RATE
Regular Business Travellers	$98.71	0%	$98.71	$98.71	—
Commercial Rate Business Travellers	$98.71	10%	$88.84	$88.84	—
Conference/Meeting Groups	$98.71	10%	$88.84	$80.84*	$96.84*
Bus Tour Groups	$98.71	15%	$83.90	—	$83.90
Pleasure Travellers	$98.71	5%	$93.77	—	$93.77

* Assumes 50% single occupancy and 50% double occupancy.

EXHIBIT 15 continued

PRICING WORKSHEET

Now let's check to see that these specific average room rates will really give the required room revenues calculated above in the Hubbart Formula — that is, the room revenues required to give the desired after-tax return on equity of 16%.

TARGET MARKETS	NUMBER OF ROOM NIGHTS		AVERAGE RATE	REVENUES
Regular Business Travellers	3,559	x	$98.71	$351,309
Commercial Rate Business Travellers	3,559	x	$88.84	316,181
Conference/Meeting Groups (singles)	593	x	$80.84	47,938
Conference/Meeting Groups (doubles)	593	x	$96.84	57,426
Bus Tour Groups	594	x	$83.90	49,837
Pleasure Travellers	2,965	x	$93.77	278,028
TOTAL ROOM REVENUES	11,863	x	$94.02	$ 1,115,359

These specific room rates do yield the required 16% after-tax return on equity. However, we have not yet considered whether the rates fit in with the Valucan Hotel's market positioning.

Let's now assume, therefore, that there are two other competing hotels in town — the Hotel De Luxe and the Standard Hotel. In year one, the advertised rates for these two competitors were:

	Single Rate	**Double Rate**
Hotel De Luxe	$105.00	$110.00
Standard Hotel	$102.00	$107.50

Based upon experience, the Valucan Hotel's owners expect these competing rates to increase by at least 5% in year two, which would give the following room rates:

	Single Rate	**Double Rate**
Hotel De Luxe	$110.00	$115.50
Standard Hotel	$107.00	$112.90

Since the owners of the Valucan Hotel have decided to position their hotel as offering the best lodging value in town, they consider that their rates for year two should be at least $5.00 lower than their two competitors' rates. Their required average rate before discounting (calculated above) is $98.71, which, if rounded up to $99.00, would be $8.00 lower than the Standard Hotel's single rate and $11.00 lower than the Hotel De Luxe' single rate.

The owners feel confident that these price differences will support their value-for-money positioning, while at the same time producing the required 16% rate of return.

If the price differential was not considered high enough to support their market positioning, then they would be forced to choose one of the following courses:

- Lower their average room rate (in which case they would have to increase their occupancy to generate the same level of room revenues).
- Accept a lower-than-16% after-tax return on equity.
- Modify their market positioning.

Revenue management involves varying your prices for different periods and for different market segments in order to get the greatest overall revenue, or yield; yield being the greater revenue possible from maximizing the number of guests at the best prices you can get from them

If you can increase the number of guests in a particular market or time period by reducing the price you charge to that guest or in that time period, and if this greater number of guests and lower price results in more total revenue, and if the discounted price doesn't unduly undermine your ability to get your regular business at your regular prices, then it is to your advantage to offer the discounted price. The trick is to accomplish all of these things at once.

The airline industry accomplishes this by offering deep discount fares but restricting the number of seats available, the location on the aircraft and the ability to cancel or make changes without penalty. The strategy is to make it less appealing for their bread-and-butter full-fare business travellers to take advantage of the discounted fares and to generate new business from non-business traveller clientele who are highly price sensitive.

Accommodation operators can practice revenue management by offering special rates for off-season/shoulder-season business and for market segments that are highly competitive (such as business travellers or meetings). Special rates can be offered for slow days (often weekends for urban, commercial properties and weekdays for resorts).

Packages, accompanied by attractive accommodation prices, can be used to build business in slow periods. In this case, the added appeal of a package is supplemented by a price saving to generate demand that wouldn't otherwise exist.

Modern computers can help you perform the analysis necessary to support yield management. You are encouraged to learn and practice yield management techniques.

One of the problems with liberal use of revenue management is the loss in 'price integrity' that results. How will customers accept 'normal' prices when there is widespread availability of discounted prices? But it is evident that consumers are getting used to the idea that there is really no real price for travel related products and services, and that the price available today isn't necessarily available tomorrow, so price integrity seems to be a declining concern. Another concern, and a valid one, is the risk of being too aggressive with the practice, leading to too much diversion of business from the higher prices. But managed properly, this can be minimized.

8.5 Budgeting and Review[6]

Budgeting your operating and capital expenditures will be an important activity each year. It will permit you to control your business in advance, allowing you to move your business in desired directions, rather than being force into a defensive posture where you can only react to pressures on the business as you go along.

There are a couple of reliable methods you can use, as follows:

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[6] This material was adapted from the Nova Scotia HUB and SPOKE Tourism Marketing Seminar Manual, prepared for the Nova Scotia Tourism RITC by The Economic Planning Group and Hospitality Marketing, 1989/90.

Zero-Based Budgeting

Zero-based budgeting is also known as **bottom-up** budgeting because one builds the budget from scratch, identifying and justifying each cost item on its merits. Each of the elements of the operation is addressed, reassessed, examined, and justified separately. Funds are then assigned to each activity on the basis of its respective contribution to revenue and profit. In this way, a cost-benefit analysis is built into the budgeting process.

Percentage of Sales Budgeting

A method long used to establish many elements of budgets is the percentage of sales method. Many hospitality firms allocate percentages of the gross sales for various cost items based on historical data and/or industry norms.

This method of budgeting is relatively easy and doesn't require a lot of work.

However, industry averages can be misleading. Different companies do their accounting in different ways, and all businesses are different to varying degrees. And who is to say whether the average performance of other businesses is a good yardstick to measure your own business?

Which to Use?

You may end up using a mixture of these approaches. Whatever the case, you should do a budget on an annual basis, at least, and since you are most likely to be a seasonal business, you should do a budget for your operating season and another for the rest of the year.

You must review your actual revenues and expenses against the budget on a regular basis and take corrective action where appropriate to bring things back on track. Where the budget itself requires revision, make amendments to keep your budget realistic.

Financial management and business text books can provide you with details on preparing and monitoring your budget and provide worksheets to assist you.

8.6 Reservations

If all your business were casual, non-group, walk-in guests, you probably wouldn't need a reservations system. However, most accommodations receive advance reservations, since many consumers prefer to have an accommodation reservation rather than take their chances on finding a room. In addition, a reservation system is very important in generating reports on your business activity - these will help in business decisions such as where to spend your marketing dollars.

There are reservations software systems available today for even the smallest operation. They can link the reservation system into your billing system, which is very helpful. Talk to other accommodation operators for ideas and recommendations. There are also courses offered from time to time through TIANS /the Nova Scotia Tourism Human Resource Council that can help you with the day-to-day operation of a small accommodation business.

8.7 Business Systems

You will need what hotel operators call a night audit system, or a rooms financial control system. It includes a process for handling room-charge vouchers and posting daily guest charges to the room account of the guest, so that the bill is ready for payment in the morning. This can be done with a manual system, but there are also various computer systems available for accommodation properties.

If you are a very small operator, such as a Bed and Breakfast establishment, you will probably not need a night audit system since there will be no charges other than the room to post to the guest's account.

You will also need a basic accounting system. Again, affordable software is now available for all of the normal accounting and payroll functions. An accountant can advise you on all of these things.

Other areas of internal control you will need to address include the following:

- Cash register/cash control;
- Credit and credit card verification;
- Food and beverage cost control;
- Food and beverage guest check control;
- Theft/embezzlement controls (cash, liquor, supplies, small wares, etc.);
- Stores inventory control system (purchasing, receiving, storing and issuing);
- Night security system.

You will need to check out the systems and software available and choose the ones most appropriate for the size and nature of your business. The computer has become a key tool for all businesses today. A diversity of affordable software is available at different levels of sophistication and cost. You are advised to get professional advice on what systems are best for you.

You will also need some regular management reports, covering the following types of things:

- Daily and monthly sales, with comparison to the same period in the previous year, for each of your revenue centres;
- Similar information on the number of rooms occupied and your average room rate;
- Similar information on payroll;
- Daily and monthly reports on your sales for each meal period (if you have a restaurant).

Exhibit 16 illustrates a daily report which you can adapt to your property. If you are a small property with no revenue centre other than rooms, then you will only need to use part of this report. Completing this report on a daily basis (if your property is very small, you could do it on a weekly basis) will provide you with a regular report on the state of your business, your revenues, and how well you are doing this year compared to the same period in the previous year.

In Nova Scotia, you are required to submit monthly occupancy reports to the Department of Tourism, Culture and Heritage - they can provide forms for you to use for this purpose.

EXHIBIT 16
SALES REPORT

SALES

	TODAY	MONTH TO DATE	FORECAST MONTH TO DATE	LAST MONTH TO DATE	LAST YEAR MONTH TO DATE
ROOMS					
FOOD					
BEVERAGE					
TELEPHONE/TELEGRAM					
VALET					
LAUNDRY					
OTHER					
TOTAL REVENUE					

STATISTICS

	TODAY	MONTH TO DATE	FORECAST MONTH TO DATE	LAST MONTH TO DATE	LAST YEAR TO DATE	BANK REPORT	
TOTAL ROOM OCC.						**BALANCE YESTERDAY**	
COMPLIMENTARY RMS.						**RECEIPTS**	
VACANT ROOMS						**DISBURSEMENTS**	
TOTAL ROOMS AVAIL.						**BALANCE TODAY**	
AVERAGE ROOM RATE						**ACCOUNTS RECEIVABLE**	
% OF OCCUPANCY							
AVERAGE PERSONS/RM						**BALANCE YESTERDAY**	
TOTAL NO. OF GUESTS						**CHARGES**	
% FOOD COST						**CREDITS**	
% OF BEVERAGE COST						**BALANCE TODAY**	

PAYROLL AND RELATED EXPENSES

	TODAY		MONTH TO DATE		FORECAST MONTH TO DATE		LAST MONTH TO DATE		LAST YEAR MONTH TO DATE	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
ROOM										
FOOD & BEVERAGE										
OVERHEAD DEP'T										

Day:_______________ **Date:**____________________ **Weather:**________________

MEALS SERVED:	NUMBER OF COVERS					AVERAGE CHECK	
	Breakfast	Lunch	Dinner	Total Today	Total to Date	Average Today	Check to Date
Dining Room							
Coffee Shop							
Rooms Service							
Banquet							
TOTAL							

8.8 Banking

Talk to several different banks before you establish your banking arrangements to find one that is supportive of your efforts. Some managers take a helpful approach to small business people, while others treat them like impending bankrupts. Pick one who understands your business concept and is supportive.

You can greatly facilitate your banking relationship by meeting with the manager once a year to keep him or her informed about your business and your plans for the future. A good time to visit is when you have your new annual financial statement ready. Walk them through the results and explain what has changed and why. While they may not necessarily care about the specifics of what you're saying, it is very important that they see that you're on top of the business, committed to its future, etc. The psychology is just as important as the substance. Bankers like to feel that you're taking care of their investment for them.

If cash flow problems arise from time to time, as they very well may, go and meet with the bank to keep them informed about what's happening and what you're doing about it. Nothing makes a banker more nervous than a silent client whose bank account is constantly at its credit limit. On the other hand, if they believe you're making an effort to keep them informed, they will be much more cooperative in helping you through tricky periods.

SECTION 9

The Marketing Plan

SECTION 9

THE MARKETING PLAN[7]

9.1 Introduction

Your marketing plan is the basis for your marketing efforts and a tool for monitoring your progress. It is generally written annually, but should be reviewed and adjusted more frequently. Traditionally, the marketing plan is prepared in conjunction with your overall financial planning and budgeting.

When you are starting up your business, the marketing plan is a crucial element in your overall planning process - without marketing, you will have no customers, or certainly not enough to survive for long. Frequently in small businesses, marketing tends to get overlooked or to be given a lower priority when there are other, apparently more vital demands for available start-up funds. However, marketing must be given a high priority; and developing a good marketing plan is the essential first step.

This section discusses the basics of how to develop your marketing plan and introduces some of the key marketing methods and tools. It also suggests how to use these techniques when dealing both with consumer markets and the travel trade. If you are targeting other types of markets as well, such as the meetings/conference market, business travellers or the local functions market, then these segments need to be addressed in the plan as well.

Developing a Marketing Plan

Your marketing plan should contain several elements, as described below.

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[7] The material in this section has been adapted from several sources, all of which were originally prepared by The Economic Planning Group. These sources include:

- *Nova Scotia HUB and SPOKE Tourism Marketing Seminar Manual*, prepared for the Nova Scotia Tourism RITC, 1989/90
- *Tourism is Your Business: Marketing Management*. Published by Canadian Hotel & Restaurant, Maclean Hunter Limited in co-operation with Tourism Canada and the Canadian Government Publishing Centre, 1986.
- *Packaging for and Selling in the United States Leisure Market*. Published by Tourism Canada, 1995

Business Assessment

An assessment of your situation - the current status of the market, the competitive environment, trends - including all of the things discussed earlier in sections on preparing a strategic plan and feasibility assessment.

Marketing Objectives

With the assessment completed, develop a clear statement of objectives - sales volume (number of rooms sold, etc.), total revenues, and level of profit for which you are striving. These should be based on the foregoing assessment.

Marketing Strategy

This is your overall approach to achieving your marketing objectives. It should include a Positioning Statement - what is the service/product, who is it for, and how is it different? You should also have a brand - a logo or brief statement that captures the essence of your positioning strategy.

It should also include a definition of your target markets - each of the market segments you wish to attract. And you must also decide how you are going to attract them.

As described earlier, your major market as an accommodation operator will be visitors to your community and province, travelling either individually or in groups.

How you pursue them will depend on the marketing budget you have available, but basic techniques will include having a website, getting a listing in the provincial travel guide (Do'ers and Dreamers), in a local guide and participating in the marketing activities of your regional/community destination marketing organization (DMO). If you can afford it, advertising may come into play as well.

The rest of this section of the manual is divided into two parts: marketing to the consumer and marketing to the travel trade. In this introductory manual, we do not address other market segments, such as functions and meetings, which have some unique differences. In due course you should investigate what's involved in pursuing these sectors.

9.2 Marketing to Consumers

Website and Internet-based Marketing

The Internet has triggered a complete revolution in how companies market themselves, and this is particularly the case with tourism companies. Even the smallest enterprise can reach out to the world via the Internet. While marketing expertise and budgets still make a big difference in marketing effectiveness, these are no longer the absolute determinants of how broadly and far a company can reach in promoting itself. Even a simple website can be accessed worldwide. The playing field has been considerably levelled for companies large and small.

The big differences today are not in having an Internet presence; rather they are in a) your ability to attract prospects to your website and b) the quality of the website itself in terms of ease of navigating within it and its effectiveness in generating sales.

Internet marketing refers to all forms of marketing associated with the Internet, including websites, website links, database marketing, relationship marketing, web-based advertising and web-based tour operators. We will introduce you to each of them in this section.

Website

The use of a website along with Internet-based e-marketing have exploded onto the scene and today have become a fundamental and central component of most tourism businesses marketing. In fact, many businesses are using their other marketing to drive prospects to their website and some are relying exclusively on their website to market their business.

Early websites were simply electronic brochures people could view on the Internet. Today, many websites are much more sophisticated and provide a number of helpful functions for the user, all of them designed to make it easier and more compelling to buy the products on offer. In the text to follow we summarize the basics involved, and also describe the more sophisticated functions possible today.

URL

This is the address of your website. (URL stands for 'Uniform Resource Locator', which is not particularly helpful to know.) But having an easy-to-remember URL, or 'domain name', is important. Here are a couple of other important points:

- Your website needs to be a 'real' website, not part of a 'referred' site, such as those offered by Sympatico and other Internet 'portals', in which your web pages are embodied within their website. Search engines will no longer recognize your content if it is part of a referred site. (Problems with spam have forced the search engines to impose this limitation on referred sites).
- Use the name of your business in your URL to ensure it will be picked up by the search engine when someone is searching for your website by business name.
- We recommend you use several different URLs having likely names for your product, all connected to your website, again to optimize access.

It is important to realize that you need to have your own Internet address which makes your web pages into a 'website' accessible directly via the Internet through search engines. Just having web pages on someone else's site does not accomplish this. People won't find your content without going to the hosting portal website first, which is not what you want.

We are not suggesting you not list on a portal website, not at all, we are simply suggesting that you also need your own separate website, and that any listing on a portal also include a direct hyperlink to your website.

Website Design

The basic website is much like a traditional brochure but with more information available through the use of user-selected topics from a sidebar menu on each page. Lure information is displayed in text and pictures, while more detailed information is accessed via the menu bar. Common topics include who we are, our history, our products and services and how to contact us.

We strongly suggest you also include lure information on your destination area; its attractions and appeals, things to do and see. You first have to sell the destination, then your particular product.

More sophisticated websites offer more customized information based on different user-defined variables, along with such things as a trip planning function, online booking capability and so on. Here are the kinds of features that are becoming increasingly common with tourism websites:

- ***Downloadable brochure*** in PDF format
- Customized ***presentation of information by user-defined factors*** - their interests, where they live, their language, demographic profile (age, income), the intended season of travel, their previous trip/purchase.
- ***Different pages for different target audiences***, such as meeting planners, tour operators, the media. Separate URLs can also be used to facilitate people in these market segments being led directly to the portion of the site of particular interest to them.
- ***User opt-in registration*** for more information - newsletters, contests, offers, promotions
- ***Trip planning functions***, with suggested itineraries and packages, and also do-it-yourself itineraries and packages. A print-ready mini guide of your itinerary/package can be downloaded and/or printed out. In some cases the user can also register and use an ID to revisit and revise his/her earlier itinerary.
- A ***booking/buying engine*** to enable website visitors to book directly online
- ***Inbound email capability*** for site visitors to use to send a query to the company
- Features to improve the ***ease of navigation*** within the website, including, in addition to a basic sidebar menu, things like:
  - 'first page approach' (no scrolling down required),
  - different entry points to the site based on the user-defined factors, such as their country of residence, language, etc.,
  - site map
  - search function
- A built-in ***content management module*** to facilitate updating information on the website. It avoids the time and cost involved with having the site designer make all the changes to the site, which should not be necessary.
- ***Statistical monitoring*** of website visits and pages viewed

On this last point, an important consideration is getting your website designer to provide your website with a complete analytical system, permitting you to directly download statistical data from the host server.

We strongly recommend you avoid letting the website designer talk you into having a 'splash page' at the front of the website. A splash page is a first page that provides pictures, video and often a soundtrack that you have to click through to enter the website itself. While this may be an aesthetically pleasing introduction to your business, it creates a barrier to search engine maximization and it also is irritating to business people accessing the site, as well as other people wishing to get to the information they want.

A couple of interesting websites that incorporate a number of these features include:

- www.gorp.com (outstanding adventures by destination and by type of experience; a very successful website)
- www.novascotia.com
- www.explorenovascotia.com
- www.travelalberta.com (easy to navigate, good search engine maximization)
- www.colorado.com (good trip planning, customized by travel group composition, interest, region)

Here are some good Nova Scotia accommodation websites - two hotels, an inn, a resort and a B&B:

- www.princegeorgehotel.com
- www.lordnelsonhotel.com
- www.halliburton.ns.ca
- www.capebretonresorts.com/inverary.asp
- www.havenside.com

And here are some sites for other types of businesses in Nova Scotia:

- www.pier21.ca
- www.upperclementspark.com
- http://museum.gov.ns.ca/mma
- www.coastaladventures.com
- www.scottwalking.com

Driving People to the Website

As mentioned, one of the big challenges today is attracting the right visitors to the website. This is accomplished through a number of techniques:

- The use of traditional marketing techniques to attract attention and direct people to visit the website. All your marketing materials should include reference to the website.
- An easy to remember URL.
- Search engine optimization, through the use of search engine registration, content tags, meta tags, targeted key words and instruction codes to search engines to search all words and all pages. (We suggest you get some help from knowledgeable Internet professionals in this regard.)
- Inbound links (see discussion of this later below)

Attracting People Back to the Website

This involves cookie-based user ID or getting site visitors to register and establish a user log-in for a "remember me on this site" function. Next time they visit they are automatically taken to their previously stored information, such as their customized itinerary.

This is not a feature that a small independent tourism operator will likely use, however, it can be a very effective for larger chain operations, tour operators and destination marketing organizations.

Links

It is useful to develop a link strategy for both inbound (links from other websites) and outbound links (links to other websites). Inbound links should be maximized to the extent possible. Outbound links should be designed to open in a separate window so that the user is returned to the original site once they close out of the linked site.

Partnerships are a key part of tourism market development. Similarly, website links are a critical element of website development. They are merely on-line partnerships that share web visitors between like-minded operators and those offering complementary products and services. As such, a detailed link strategy should be developed and maintained to ensure as many visitors as possible find links to your website.

This often requires a simple request to partner sites through email. Ideally, a graphic should accompany the email in the event the host website would like to add an image or icon of the province highlighting the link. In addition, the website should have a section in the site encouraging links with a download-able image that can be added to other sites. This additional promotion can be achieved at virtually zero cost; it simply requires time and attention on an ongoing basis to increase the exposure in a wide variety of market segments.

If you are listed in the Nova Scotia Doers and Dreamers Guide, you are automatically listed on the provincial tourism website (www.novascotia.com) with a link to your web site. You are required to provide a reciprocal link to back to www.novascotia.com from a primary page on your web site.

To check how well your site is positioned within the Internet, go to Google (www.google.ca) and in the space where you enter the search instructions, type in 'link(single space)(:)(your domain name). Here's an illustration - 'link :www.bobsmotel.com'. This will illustrate all the links to your website. If you have more than 40, you are doing OK; if not, your site needs more search engine optimization.

Database Marketing Linked to the Web

If your organization is a major chain, you should invite your website visitors to register with you in order to capture their contact information and continue with the relationship that has been started. There should be dominant areas within the website to 'opt in' or leave their email information at a minimum, and ideally additional information that would give a profile of the web visitor for future correspondence. This will provide you with a database for future marketing initiatives.

Today privacy laws require you to obtain permission from an individual to solicit business from them through direct marketing; this is referred to as 'Permission-based Marketing'. People that opt-in to receiving more information by registering on the website can be communicated with in future through email broadcasts of special offers, contests, newsletters and the like. (For more information on this issue, see Section 6 on regulations.)

Customer Relationship Marketing

Some websites take this concept to a higher level, by encouraging people to also register their interests and other information about themselves. This additional information can be entered into a database and the individual subsequently solicited with highly customized communications. This is termed 'Cutomer Relationship Marketing' today or CRM. With this additional information and contemporary database technologies, direct marketing has become a much more powerful marketing technique than it has been formerly. Conversion rates have skyrocketed from the 2% to 3% level traditionally, to 20% and higher on some programs.

Web-Based Advertising

Another marketing option today is to advertise on frequently visited websites hosted by others. Given its cost, it will only be of interest to major players.

Much effort has been spent in the last couple of years promoting and testing the effectiveness of web-based advertising. Many advertisers have experienced poor performance and questionable benefits by promoting their product through banner ads, pop-ups and other forms of web-based advertising on some of the larger sites, such as news-based CNN, Globe & Mail, Canoe, Yahoo, etc. However, a more targeted approach can be tested, based on a pay-for-performance agreement. Again, tracking can be quite specific, and websites can be very targeted, including websites offering travel directions, such as Mapquest, or even online versions of the specialty magazines such as National Geographic Traveler or National Geographic Adventure.

Web-Based Tour Operators

All tour operators are embracing the Internet as a marketing tool, of course; however, there are a growing number of web-based tour operators; essentially companies that are functioning as resellers and packagers and using the web as both their marketing medium and reservations system. In other words, they are fully online marketers. Examples include Microsoft's Expedia, Sabre's Travelocity and numerous others. The Canadian versions of these two websites are www.expedia.ca and www.travelocity.ca. The USA versions are .com instead of .ca.

Another is a Canadian company, Travelinx, at www.canadatravel.ca. This company also builds websites and hosts websites for destinations, industry organizations and businesses. They employ their powerful booking engine to provide their clients with a state-of-the-art website with full reservations and transaction capabilities. One of such clients, for example is the Canadian Golf Tourism Alliance at www.canadagolf.com.

These are deserving of attention. In fact, this may offer an optional route to achieving a powerful site at reasonable cost.

Other Key Advertising Activities

Media Advertising

Advertising in traditional media is generally the most expensive element of your marketing plan. Effective advertising requires a clear understanding of the target group, your product strengths, and the available media options within your budget. Advertising can create awareness of your business and encourage consumers to try your product. And if you have a decent website, in your advertising, direct people to it for more information.

If you are going to invest anything more than a small amount of money in advertising, then you should seriously consider obtaining professional assistance from an advertising agency. The agency can help you design your ads, identify the best media to use, buy the media, and generally manage your advertising program.

If your advertising program is too small to make using an advertising agency practical, then there are others who might be able to help, for example:

- Local printer: he or she should have some expertise in ad design and layout;
- A local marketing partner selling a product complementary to yours;
- Your local newspaper, radio station, etc.;
- Your local tourist association coordinator;
- A local art or communications instructor/teacher.

The key point is get help from someone who has expertise in marketing and communications techniques.

There are a variety of types of media advertising and some will work better than others for your product. The basic approach to follow when deciding which media to use is to choose those media that reach your target audience most cost effectively. You will have to do some homework to determine this. Contact media representatives and ask them to send you an information kit that gives you information on such things as audience profiles, market coverage, and circulation.

Don't forget to look at advertising as an investment not as a one shot deal. You will not always get noticeable results from one advertisement, so stay away from expensive media if you cannot afford to repeat your advertisement frequently to gain an ongoing awareness.

The main categories of media are: print (newspaper, magazines), outdoor (signage), and broadcast (radio and TV). Exhibit 17 summarizes the advantages and disadvantages of each type of advertising.

Co-op Advertising

Cooperative advertising works on the strength in numbers principle. In general, several organizations (e.g. business, government, associations) with a mutual marketing need will join forces. For example, a regional travel association may welcome area operators into sharing the costs of a co-op brochure or a full-page ad for the entire destination. This may be effective for you.

Contra Advertising

Contra advertising or swap advertising has long been a factor within the hospitality sector. Basically, contra involves trading of media coverage for some of your product. This is often done for contests, where a resort, for example, gives a free weekend as a prize for a radio contest and receives plugs on the air or actual advertisements at no charge.

EXHIBIT 17

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
PRINT MEDIA		
Newspapers	• reaches more people than other print media • considered to be a good source of info. on travel facilities and services • can be placed at short notice • relatively low cost • wide selection of editorial, so messages can sometimes go in special sections • printed daily or weekly - can hit the market with frequency • provides an opportunity to be creative • offers an opportunity to use coupons	• large readership, but only a small number of readers will have an interest in any one product • has a short lifespan - often read in a hurry • quality of reproduction is poor • pages are large, so small ads get lost
Magazines	• more selective readership than newspapers • much longer lifespan than newspapers • higher reproduction quality than newspapers	• long lead times and inflexible closing dates - you have to plan far in advance • low market penetration rates - therefore higher costs • circulation seldom tailored to geographic markets
Guides e.g. travel guides, directories, etc.	• highly targeted - may have a low number of readers but they are interested in the subject • listings are sometimes free	• normally long lead times • space may be limited

EXHIBIT 17 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
INTERNET BASED		
Website	• extensive reach • affordable • customizable for different audiences • can be kept current day to day • can assist in building a data base of prospects • can be linked to a booking engine	• having people finding it on the Internet is a challenge
Database e-marketing	• better quality of prospects, resulting in higher conversion rate • very affordable; very customizable • easy response	• now requires the permission of the prospect
DIRECT MAIL		
A good mailing list is key you can buy one, build your own from current and past customers, use phone directories, association lists, etc.	• highly targeted - if you have refined lists, then you can be sure only potential customers receive your mailing • extremely flexible • you can reach people at home or at the office • you can personalize your message • you can measure effectiveness and organize on short notice	• relatively costly • postal service can be unreliable • usually a low response rate - frequently only 1% - 2%

EXHIBIT 17 continued

ADVANTAGES AND DISADVANTAGES OF DIFFERENT TYPES OF ADVERTISING

TYPE	ADVANTAGES	DISADVANTAGES
BROADCAST MEDIA		
Radio	• captive audience at any given moment - they will all hear your message • stations have **segmented** audiences so you can target a group, e.g. youth market • very versatile • a **live** medium - you can do things with this that cannot be done with other media • relatively low cost and fast delivery	• short life span - listeners may miss part or all of the message • poor choice if you need to show a visual image • large number of messages in peak periods - can be disruptive • frequently listened to in the car and can easily be **tuned out**
Television	• excellent way to convey powerful images • audience is somewhat captive • tremendous reach • can show business in very attractive manner	• many of same disadvantages as radio • expensive - both to purchase the time and produce the commercial
CONTRA ADVERTISING	• in most cases, no money changes hands so this approach does not deplete your cash assets	• the advertising you get is generally in off-peak, poorer periods • it is not necessarily effective if the media being offered is inappropriate to your business

Direct Mail

Direct mail or direct marketing can be a highly effective method of reaching one's audience, particularly if it is directed to a database of target audiences that have stayed with you before, and/or are likely to be receptive to what you have to offer for other reasons, such as people that have registered on your website, for example. Direct marketing is measurable, can be personalized, and is flexible.

It can be useful, however, for encouraging previous customers to visit your property again. If you are a small inn, for example, with customers in Nova Scotia and other parts of Atlantic Canada, you may want to start a small newsletter to send to previous guests from these areas, telling them what is new at your property, what special packages and promotions you are offering, and why they should visit you again.

Collateral Material

Collateral material includes all the printed material you use to market your business - the material you distribute to potential customers. The main types of collateral material you are likely to use are brochures, posters, counter display cards, and price lists.

A brochure is the most important piece of collateral material because it is the one item that is most likely to make the initial sale. The following provides some suggestions and guidelines about the content and design of your brochure.

When trying to decide what kind of brochure you need, what is should look like, and what it should contain, you need to consider your target market, the intended role of your brochure, the reasons your customers are going to buy your product, and the size of your promotions budget. The place to start is with your target markets. You may decide that you need more than one brochure - that is, one brochure for each of your major market segments.

The next step is to decide on the content of your brochure. As a rule, your brochure should contain the following:

- Name of your business and its logo;
- Illustrations of major products and services included at your property;
- Descriptive text or copy;
- Selling or motivational copy, highlighting customer appeals and unique selling points;
- Business location, address, telephone, fax and E-mail.

Detailed information on prices, discounts, travel booking procedures and terms, deposit requirements, conditions for cancellations and refund claims should be provided in a separate insert which can be updated and replaced as and when required.

Your brochure should be designed to achieve the following goals:

- **Capture Attention**: First you have to draw the consumer's attention. Use the front cover to do this. Use an attractive, lure picture of your product. Since brochures are frequently displayed with only the top part showing, make sure that the top one third of your brochure describes the product you are offering.

- **Develop Interest**: Build interest in what you are offering. This should be done on the second panel with photographs and text describing the appeal of your product. Use pictures of people enjoying your product.

- **Create Desire:** Create a desire for the product. Provide enough information for people to decide whether or not they want to stay at your property. Focus on your competitive advantages and unique selling propositions (USPs).

- **Call to Action:** Turn that interest and desire into action. Your back panel should be a call for action and include where to find you and how to get there, where to phone to make a reservation or for more information, your address, etc.

Illustrations and photographs should be seen as an essential element of your brochure. The most effective photographs are action shots of customers enjoying some of your facilities and services. In using photographs, consider the following guidelines:

- Only use photographs which have been taken professionally or to professional standards;
- Avoid using so many photographs that your brochure becomes overcrowded;
- Use a range of photographs of the different products and services you will be providing;
- Only use photographs that are genuinely representative of the products you will be providing your customers;
- Avoid using photographs that will date rapidly;
- Always run a caption with each photograph explaining precisely what the photograph shows;
- Try to put a selling message into your captions, since captions are read more carefully than text.

Some other design considerations for your brochure include:

- Use clear, simple type with different sizes for your titles, subtitles, headings, and copy. Do not use ornate type styles since they are hard to read;
- Use black ink on white paper for easy legibility;
- Do not overprint your type with a coloured screen - this makes the type difficult to read;
- Do not use too many colours; keep the brochure simple;
- Organize your material carefully; do not mix different kinds of information;
- Leave a lot of white space, particularly in the selling section of the brochure;
- Make sure your brochure's layout is consistent; do not try to be too creative - keep it simple;
- Leave space on the back for a travel agent's stamp.

Your brochures and other collateral material can be distributed through a number of channels:

- **Local visitor information centres:** make sure your local visitor information centre is well supplied with brochures and that the people who work there know all about your product. You may want to take the travel counsellors on a tour of your property in the spring so they have first-hand experience with your product.

- **Other information centres:** you can supply the provincial Literature Distribution Centre with a stock of your brochures for distribution to provincial information centres and to other local centres. This service is currently provided free of charge. All you have to do is supply the brochures (there are some guidelines about the brochures, which you can get from the Tourism Division, Department of Tourism, Culture and Heritage) and indicate where you would like them distributed.

- **Local tourist businesses:** local noncompeting businesses such as restaurants, gas stations, and sightseeing tour operators should be well-supplied with your brochures. Again, it is important to make sure that these operators are well-acquainted with your business since visitors will frequently ask "where can I stay ...". Again, you may want to give these operators a tour of your property and offer them a commission for any business they send your way.

  You can also arrange with these businesses, to display posters and/or counter cards in their lobbies and include your brochures among the in-room information they provide to their customers.

An increasing number of tourism businesses today are offering downloadable brochures on their websites so that people can get them in 'real time'. In fact, some businesses are offering brochures ONLY via their website, achieving great savings.

Check In

Check In is the provincial information and reservations system. It provides a toll-free number to consumers looking for information about Nova Scotia and also makes accommodation reservations for travellers. A majority of the accommodation properties in Nova Scotia are members of Check In, and we recommend that you seriously consider joining. There is no charge to join Check In, but you will be charged a 10% commission for all room bookings that you receive from Check In. Contact Check In for detailed information on how the system works and what you have to do to become a member.

Provincial and Regional Travel Literature

The Province of Nova Scotia, through the Nova Scotia Department of Tourism, Culture and Heritage, produces and distributes a variety of travel literature and this material affords an excellent means of reaching potential customers. Basic listings in some of these publications are free of charge; for others there is a charge depending on the size and type of advertisement you want to place. Even where there is a charge, this is a very cost-effective advertising method, since hundreds of thousands of these publications are produced and distributed widely to people planning travel and travelling in the province.

The main provincial publication in which you should advertise is **The Doer's and Dreamer's Complete Guide**. Information in this guide is organized by the various Travelways in the province, and you can arrange for your ad to be placed in the section on your Travelway. As an accommodation operator, you also qualify for a listing in the Accommodations section for your trail. One thing to remember about this guide, as well as other provincial publications, is that the deadlines for material are very early - July 1 for the next year's publications. Check out the Nova Scotia Tourism Partnership Council website (www.nstpc.com) for details on this publication and others that the province produces.

You should definitely become a member of the regional travel association in your area (see Appendix V for contacts). They also produce travel guides for each region of the province. These are distributed through information centres and in response to direct requests. As with the provincial guides, they are a very cost effective method for advertising your local accommodation business.

Promotions

Promotion is not just another word for advertising; it is everything that adds fund, excitement and uniqueness to an operation and should be thought of as an event that has a definable start and finish. Examples include a special event, a special dinner in your restaurant, a special package of services for a particular market. Properly planned, promotions can increase the awareness of your business, attract new customers, and keep existing customers coming back.

Public Relations and Publicity

Public relations and publicity can keep your business in the public eye without your having to pay for advertising. To that extent, it is free, so it can be highly cost effective. However, good publicity doesn't just happen, it has to be carefully planned, and it must fit in with your other promotional activities. You can get publicity in the media by making yourself available for interviews or establishing yourself as the local expert on some topic related to your business. You can also stage news events and issue press releases.

Signage

It is important to have good signage for your business, not only to tell potential customers about your business but also to help them find you. Signage on provincial highways is governed by the Department of Transportation and Public Works and was discussed in Section 6. As well, within municipalities there may be some guidelines on signage design and placement.

Whatever signage you put up, must be of good quality. Small, hand-lettered, falling-down, small and hard-to-read signage does not suggest a quality operation to the potential customer. Search out a local artist or sign maker to design and build some quality signs for your business. Make sure that the signs are big enough for travellers on the road/highway to read them. Remember, they are probably driving at 70 - 80 km an hour, which means they won't have a lot of time to take in the information on the sign. Make sure that whatever you put on the sign is brief and informative. Be careful not to put on information that might change, such as your prices, except on a panel which can be easily replaced with new information.

Packaging and Programming

Packaging

Packaging can be defined as the presentation as a unit of a number of products and services that would normally be purchased separately but which, in a package, are offered as a single product at a single price, preferably at a lower price than the individual could obtain on their own. Basically, the concept is to provide a comprehensive experience for customers, including all the many tourist services they will require.

Packaging has become an integral part of tourism marketing in recent years, since it generates significant benefits for the tourist operator as well as the customer. Packaging usually offers better value as compared to independent travel, makes it more convenient for the customer to buy the tourism product (one-stop shopping), and improves the appeal of the overall travel experience, since the trip-planning homework is done by those who presumably know the product well. It also provides customers with a measure of quality assurance and security.

Successful packages are those that offer unique, appealing experiences for purchasers, and good value. Tourism today is very much an experiential business, and a well-designed package has the marketing advantage of being built around outstanding experiences.

There are publications available which provide details on how to package, and seminars on this topic are offered from time to time around the province. If you are planning on putting together some packages, we strongly recommend that you access some of these resources since developing successful, profitable packages can be challenging.

Programming

Programming is generally defined as the enhancement of a single tourism product or service through the introduction of some added activity or entertainment. For example, it may mean having an evening entertainer or a special feature on wines. The idea is to appeal to new customers who might not otherwise be interested in your product.

Special programming can be particularly effective in building demand for off-peak periods.

9.3 Working with the Travel Trade and Other Specialty Segments

Travel Trade Structure

There are several types of travel trade players, the main ones being tour operators, travel agencies and receptive/inbound operators. There are also a few other types of businesses that will be of interest to an accommodation business in its marketing efforts.

Tour Operators

Tour operators develop, market, and operate packages as their primary business. There are a number of types of tour operator, the most common types being the escorted group motorcoach tour operator, the independent package (FIT) operator, the special interest/activity packager/operator, and the holiday destination packager.

Sometimes tour operators are referred to as outbound operators to distinguish them from the inbound, or receptive, tour operators.

Some tour operators develop, market and operate all of their own packages whereas others retain an inbound/receptive operator to develop and/or operate their packages. It is this segment of the tour operator market that you are interested in as potential partners.

Travel Agencies

Travel agencies are retailers of travel products who book travel arrangements on behalf of individuals and businesses, earning a commission from the travel-product supplier in the process. They retail all types of travel trade packages and often develop and sell their own packages as well.

Often their own packages are one-offs, developed on behalf of a particular client or group, but some travel agents also develop packages for sale to the general public. Common types of the latter packages include: a package developed for local consumers to attend a special event in another city, a package in connection with a cruise or rail trip, or a package of services to supplement a tour operator's package. (For example, the travel agency will add air travel to a tour package to transport their local clients to the departure point for the tour.)

Receptive and Inbound Tour Operators

The receptive operator specializes in the destination and provides services to outbound tour operators, including trip planning for that destination, negotiating services and rates with suppliers, providing local guides and tours and so on. The outbound tour operator essentially sub-contracts services related to delivering the tour program at the destination. The receptive operator is normally located in the destination region in question. There are several in Nova Scotia.

The inbound operator is a tour operator that develops and sells its own tours. Unlike the outbound operator and like the receptive operator, they are located in the destination and specialize in tours to that destination. Such operators normally provide receptive services as well, which is the case with the various inbound operators in Atlantic Canada.

Incentive Travel Wholesalers

This is a distinctive sector of the market which specializes in premium and incentive travel reward programs that it develops and manages on behalf of its clients, both on a group and individual basis. Like tour operators, incentive travel wholesalers sometimes retain an inbound/receptive operator to make and coordinate all the ground arrangements for their group at a particular destination.

Convention/Meeting Planners (Destination Management Companies or DMCs)

This is another specialized sector of the market which arranges and coordinates meetings, conferences, and conventions. Convention/meeting planners sometimes hire a receptive operator to put together a special program for them or a tour for spouses.

Group Leaders

Group leaders are individuals who organize group trips on behalf of an organization to which they belong. They act as an intermediary between the group and the travel agent and/or tour operator, usually receiving free or discounted travel for themselves. Group leaders are most commonly found planning group travel for seniors.

Sometimes the group leaders themselves organize the trip; in other cases, they may contract with a tour operator or a receptive operator to make the arrangements.

Destination Marketing Organizations (DMOs)

Another potential partner that can be very important to your business is the destination marketing organization in your area. These are often referred to as DMOs. These organizations have a stake in the success of the product or package and may be willing to participate in cooperative marketing efforts with you.

Destination marketing organizations include Chambers of Commerce, visitor and convention bureaus, government tourism departments, and other such organizations which undertake marketing activities on behalf of a community or destination area. In Nova Scotia, the provincial DMO, or 'PMO', is the Tourism Division, Department of Tourism, Culture and Heritage. This Division works closely with the Nova Scotia Tourism Partnership Council in developing and implementing marketing programs for the province. They invite members of the tourism industry to participate in various cooperative marketing efforts. It is important for you to maximize your involvement in these efforts.

What Does the Travel Trade Expect From You?

Generally speaking, tour operators are looking for the following kinds of things from their suppliers:

- Quality facilities, services and programs at good value prices;
- Consistently friendly service;
- A high standard of cleanliness and state of repair;
- Easy access for seniors;
- Special programming and services for tour customers such as reserved seating or a special host to greet the group;
- A travel trade culture, consisting of:
  - an appreciation by management of the business coming from tours;
  - a willingness by both management and staff to give the best service to groups;
  - an understanding and acceptance of established travel trade commissions and discount structures;
  - honouring commitments made;
  - appropriate policies with respect to block bookings (releases not required until the last 15 or 30 days), deposits (none, please!), acceptance of vouchers, appropriate invoicing procedures, etc.

Schedule group tour operators, who are the larger volume operators, make their tour arrangements about 12 to 18 months in advance. Don't expect, therefore, to start promoting your tour to tour operators in November and get any business for the following season. It will probably take two to three years for you to develop this business to any significant extent, and this assumes that you meet all of the criteria described above.

Net Rates and Commissions and Other Terms of Trade

If you are going to work with the travel trade, you will have to provide the appropriate discount and commission structure; 'net rate discounts' for tour operators and commissions for travel agencies. This is probably the most important factor of all. In fact, it is a sure disqualifier if you can't meet their requirements. Wholesalers want net prices (discounts); travel agents are looking for commissions.

You should establish a tiered discount and commission structure, with the largest discounts going to the destination specialist receptive operator and scheduled tour operator, and the smallest discount to the group leader or affinity group. Some suggested guidelines on discounts were presented in Exhibit 9.

In addition, you will need to meet their expectations with respect to the following key matters:

- Capacity to handle groups
- Special services for groups
- Willingness to provide block bookings across the full tourism season
- Having a senior person to function as travel trade coordinator
- Having your reservations service open year-round

Marketing to the Travel Trade

The key techniques for marketing your product to the travel trade are as follows:

- Collaboration with your PMOs and DMOs
- Personal Direct Sales;
- Marketplaces;
- Familiarization Tours (FAMs);
- Advertisements in Travel Trade Publications;
- Direct Mail;
- Customized collateral materials
- Website

Working with PMOs and DMOs

One of the most important things you can do to market to the travel trade is work closely with the provincial Department of Tourism, Culture and Heritage. They are an excellent source of information and can provide pre-screened lists of tour operators who have Nova Scotia product. They also establish relationships with these tour operators and are a key source of itinerary planning information for them.

The same is true with the city and regional DMOs, although perhaps not to the same degree as their travel trade marketing efforts are generally more limited.

Direct Sales

Ultimately, the most effective way to develop a partnership with a tour operator is through direct, personal selling opportunities, including sales calls. But this is also among the most expensive forms of selling. In most cases this won't be your first activity; rather, it makes more sense to make initial contact through your PMO or DMO, or at a marketplace, then follow-up with direct selling.

It is important, therefore, to qualify prospects carefully. You should select tour operators and members of the travel trade who operate tours or packages to Nova Scotia. You can get this information from scanning their brochures and talking to other product suppliers in your area who deal with them.

Determine the appropriate person to see (the person who plans new programs, not just the person who handles the buying) and make an appointment. A personalized letter with some advance information on your product might help convince the prospect to see you.

Study the operator's product mix, market positioning, and USPs (unique selling propositions) before meeting them and focus your presentation on how your products and services might fit into their program and what advantages you have to offer their tour program.

Make sure that your sales representative knows your products and destination intimately and that they have the authority to negotiate and make decisions. If the prospect is a major one, it is better to have a member of management accompany your representative or make the call themselves.

In any event, your sales representative should have the following skills:

- Detailed product and destination knowledge;
- A full understanding of the market position and products of the targeted tour operator;
- A full understanding of the unique appeals and competitive advantages of your products and services;
- Strong communications and negotiating skills;
- A high level of commitment to customer service.

Telemarketing is not an effective way to solicit business from tour operators. Your unsolicited intrusion will be resented. Use the telephone to identify the person in the organization you should see and to make an appointment, nothing more.

Marketplaces

The most effective way of making the initial direct contact with a tour operator is likely be at a travel trade marketplace.

Membership in one or more trade associations and attendance at their marketplaces can provide excellent networking and one-on-one selling opportunities. The major tour operator marketplaces are;

- National Tour Association (NTA) annual meeting and marketplace;
- The ABA (American Bus Association) annual meeting and marketplace;
- The Ontario Motorcoach Association (OMCA) marketplace;
- United States Tour Operators Association (USTOA) annual conference and marketplace;

- Rendez-vous Canada, which includes European tour operators as well as the US travel trade;
- Atlantic Canada Showcase, where Atlantic Canada suppliers exhibit their products to buyers from outside the region.

Don't attend marketplaces unprepared. Make sure you have pre-identified the key prospects and request appointments with them. And don't forget to follow-up your contacts after the show.

It can take a couple of shows before you really get to know your way around, find out who the players are, and determine who are the best prospects for your product.

It will be important to be part of 'Team Nova Scotia' at the marketplace by working with the trade sales team from the Province and the RTIAs as well. They might also sponsor a special event, meal or promotion in which you can participate.

Familiarization Tours (FAM Trips)

The most effective way of motivating a wholesaler to add your tour program is to get them to try it out. FAM trips are an effective means of achieving this, as it is a principle among serious and successful operators that it is essential to check out a destination, an experience, or a property first-hand before adding it to their product mix.

It is much better to provide a customized, personal FAM tour for a major tour operator prospect, rather than put several of them together or add them to a travel agent's FAM. It is most important that they have an opportunity to meet privately with the product suppliers to discuss negotiable items.

Direct Mail/Email

Direct mail/email is only fully effective if mailings are undertaken in support of other, more focussed marketing activities. Like travel agents, wholesalers receive a flood of literature daily, and most of it is thrown out. Mailings should be customized for the specific operator and personalized to a specific, pre-qualified person in the organization. Your mailing should include:

- A covering letter, customized to the individual involved - use a P.S. to attract attention to key points;
- An information sheet containing the technical information required by the operator;
- A brochure;
- A response mechanism, such as a mailback card for more information (which can help in qualifying prospects for follow-up efforts).

Make sure that you follow-up your mailing with a telephone call or email to see if there is any interest in your services or if the tour operator requires more information.

Advertisements in Travel Trade Publications

If you are a larger operator, it can be worthwhile to advertise your product in one or more targeted travel trade publications. The travel trade is usually diligent in reading these publications to keep abreast of new product opportunities and the activities of competitors. Relevant information from them is routinely circulated within companies.

Suggestions include NTA's Courier, ABA's Destinations and the National Motorcoach Network's Byways, as well as the leading travel trade weekly newsletter-style publications distributed to travel agents.

You may find it more cost effective to work through your destination marketing organization, as part of a program of joint destination awareness/travel product co-op advertising.

Website

It will be important to have one or more pages on your website designed for tour operators, summarizing the highlights of your offer to tour operators along with confirmation that you are prepared to meet the normal terms of trade in dealing with them. Key information would include:

- Highlights of the visitor experience
- A map showing your location and communities and other attractions nearby
- Season and hours of operation
- Capacity to handle groups
- Services for groups
- Regular prices along with acknowledgement of your willingness to provide 'tour operator net rates
- Confirmation of your willingness to meet tour operator expectations with respect to block bookings and etc.
- Contact information for your travel trade coordinator

Customized Collateral Material

The same information should be available in hard copy, in colour in a one-page collateral piece suitable for use at marketplaces and sales call. Keep it brief: tour operators don't want more paper than they absolutely need.

Having said that, some operators upon entering into an arrangement with you may desire more information for briefing their reservations and sales staff. For this purpose, you should develop a Tour Kit. It should include:

- Copies of your consumer brochure;
- Descriptions of the different types of programs you offer;
- For each package, a concise description of the package elements, the pricing, any extras, departure dates, locations, etc.;
- Slides of the products so that the tour operator can incorporate pictures in to their brochures;
- Your booking and cancellation policies and procedures.

9.4 Measurement

You Marketing Plan must be continually monitored and re-evaluated.

A number of methods may be employed to monitor your plan. For example:

- Track advertising effectiveness. For example, how many coupons were returned?
- Keep tabs on sales calls vs. confirmed sales.
- Constantly read Guest comment cards or use other research tools to determine levels of consumer satisfaction.
- Keep abreast of your accounting reports. Watch for fluctuations in utilization of capacity, average rates, menu items sold, inventories, etc.
- Watch your booking sheets. Look for tentative vs. confirmed, confirmed vs. actual.

A Marketing Plan is organic. It will change throughout the year. As necessary changes to the strategy are recognized, they should be introduced. It is evolutionary and ever shifting!

9.5 Market Research

Marketing research should be considered when you have questions that need answering and when the cost of making a mistake is considerable. It is simply the assembly and evaluation of information.

The vast majority of marketing research problems can be reduced to some variation of four basic questions:

PEOPLE:	How big is the market? Who should my target groups be? What do they look like?
PRODUCT:	Am I competitive? What do my target markets want?
PROMOTION:	What should I say? When, where, and how often should I say it? Is what I have been saying being heard, believed, and acted upon?
PRICE:	What should I charge?

If you are going to do market research, you need to define the problem clearly. What is the purpose of your research? What are the benefits which will be derived? And how you will use the information in your business or marketing planning? Then you need to identify what information you already have available before deciding what else you need to collect and what are the best ways of obtaining the information you need. There are a variety of research methods you can use depending on whom you want to survey and what information you require.

Guest Surveys

You can survey your guests while they are on your property or after they have left. Options include:

- **Interviews:** either in person while they are on your property or by email or on the telephone afterwards.

- **Questionnaires:** can be completed by guests before they leave or given to them to be mailed back (it is a good idea to give them pre-stamped envelopes), or the questionnaires can be mailed out or emailed later.

- **Comment cards:** same as questionnaires, but only useful if you are looking for a minimal amount of information. The disadvantage with comment cards is that they may only reflect the opinion of a small minority of your guests and probably only those who had complaints.

- **Telephone interviews:** if you have phone numbers for your guests, you can call them up and complete a telephone interview.

- **Focus groups:** small discussions with groups of your customers. This type of research requires a professional moderator or discussion leader.

Guest surveys have a built-in bias, in that the only people who respond are your existing customers. If you are trying to determine their reaction to your property, the type and quality of service you are providing, or some changes you are planning, then this is the best research method. However, if you are trying to determine the level of interest in your product in the market place or why consumers are not staying at your property, then you have to use another method.

Consumer Surveys

Here you are surveying the wider consumer market, most of whom are not clients of your business. The challenge with this method is to identify whom you should survey and the best way to survey them. Various options are available, as outlined below. You should probably seriously consider retaining a professional survey company if you want to do this kind of research.

- **Mail/Email Survey:** mail or email out questionnaires to a selected list of consumers. You will have to first build a list. You could select names randomly from the phone book or purchase a list from an organization. The response rate for mail-out questionnaires tends to be fairly low (less than 10%), unless you are surveying a highly targeted list, on a topic in which they are interested, or you can provide a strong incentive for them to participate. It will be a great help in this regard if you maintain a database of past customers and other 'pre-qualified' prospects, such as those that have registered on your website.

- **Telephone Survey**: this approach is widely used as a survey technique. Potential respondents are randomly selected from the phone book and then called to request their cooperation in completing the survey. Telephone interviews are limited in the amount of time/information that may be secured and the type of information that can be tested. For example, you cannot test a new visual advertisement this way. Telephone surveys are more expensive than mail surveys.

- **Face-to-Face Interviews:** research companies interview people in their homes, places of business, within shopping malls, and on public roads (the last venue involves the technique of intercepts). In-person interviews offer an opportunity to show people products, ads, and other visual materials. This approach is very expensive because of the large amount of time required.

- **Focus Groups:** these provide another face-to-face encounter technique. The focus group is, in reality, a controlled multi-person interview. A moderator conducts a group discussion with 8 to 10 people. The focus group allows for the presentation of visual material and for sampling ideas and products. Focus groups are a good way of testing hypotheses but offer limited output and they cannot be considered statistically valid.

Up to now, we have offered comments on methods used to secure information on consumers. In addition, you should look at broader market questions and keep tabs on the competitive environment, and the market place in general.

Competitive Research

Our competitors are often our best source of advice on how we are doing. Is your parking lot full while the operation's across the road is empty? Or is the situation reversed? (You could also get up-to-date occupancy statistics for your area from the Tourism Division, Department of Tourism, Culture and Heritage.)

Is your competitor spending more money than you on advertising? Why? Do you read the ads in a detailed way? What is he or she selling? What about prices? What about special deals? Is your competitor advertising for new staff? Is he or she paying more?

The implication of these comments is clear. Keep abreast of what your competitors are up to!

Trend Data

Be aware of trends in the market place. Read trade journals and articles. Join associations and attend meetings periodically.

We understand how very busy you are running your business. We also acknowledge that your time demands must be managed. Manage your reading and media consumption in such a way that you become conversant with trends and changes that will affect your industry and your operation.

9.6 Pre-opening Activities

The opening of your business for the first time is a major event for you, but it's also a newsworthy event in the community and you should take maximum advantage of the public relations and publicity opportunities. You want to get public awareness of your existence as quickly as possible. Some suggestions follow:

- Prepare a press kit when you're almost ready to open, including pictures and an article on the unique and newsworthy aspects of your business. Distribute it to the local media.

- Host a reception for the managers, but also for the front line staff, of your tourism partners in the community - local attractions, restaurants, etc. - basically everyone you plan to do business with or who is in a position to recommend your property. Give them a brief tour and presentation.

- Do some special promotions to draw attention to your opening.

SECTION 10

The Future

SECTION 10

THE FUTURE

10.1 Expansion and Diversification

The accommodation industry has come a long way from its origins in a tavern where overnight accommodation was pretty basic, usually little more than a straw pallet on the ground. We have seen tremendous growth and change, from the beginning of indoor plumbing and mechanical elevators 150 years ago to the more recent development of targeting specific market segments and implementing sophisticated technology. The changes that have occurred over time, particularly those that we have experienced in the last 20 years, have been brought about by the need to provide better products and superior quality service, while at the same time generating greater profitability, all in an environment of more demanding customers.

Demographics

We can expect these conditions to prevail into the future, and consequently, can anticipate the accommodation industry going through a further metamorphosis. The trend towards shorter but more frequent vacations is expected to continue, suggesting growing demand for accommodations in locations that are leisure-oriented.

Safety is likely to become more important, as is improved security. A continued trend towards health and fitness will require accommodation properties to respond by including more comprehensive exercise facilities, more nutritional meals (as well as becoming allergy aware), and more extensive facilities and services for the handicapped. Similarly, changes in social attitudes will dictate a continued reduction in smoking areas.

Product Diversification

We have seen the evolution of the accommodation industry from the catch-all Holiday Inn, which catered to all travellers through its promise of no surprises, to the more recent trend of product diversification and brand layering. This trend was born out of the need to compete, and operators began by identifying individual markets that could be targeted by a specific property.

Soon properties were being developed that particularly appealed to these various market groups, and we then saw the beginning of product diversification and, later, brand layering. This, in turn, created the multitude of product names that we have begun to recognize in recent years, including full-service, limited-service, extended stay, all suite, luxury, economy, budget, etc.

Most recently, we have seen even further development of niche marketing through the use of such terms as luxury budget and travel apartments. Hotel companies have also adapted to these changes, and in some cases been leaders, through the use of brand names which can be associated with individual product levels.

It is very likely that this trend will continue in the future as products continue to be specifically developed and operated in association with very narrowly defined target markets.

Human Resources

By the very nature of the industry, good service will continue to be critical to the success of any operation. The recent trend towards training and retraining, and the empowerment of staff to take steps to ensure guest satisfaction, are expected to remain essential strategies for winning businesses. Those who ignore human resources concerns and their very important role in operations will likely fall by the wayside.

Changes in the demographic characteristics of the population, particularly the much smaller age cohorts now in their teens, twenties and thirties, and a much slower population growth, are already creating significant challenges finding and keeping staff for tourism and hospitality businesses. This is expected to continue, and to become even more acute over the next ten to fifteen years. Your human resource policies will need to recognize this reality and you will need to have recruitment and retention practices in place to address these issues.

Technology

The Internet and websites have revolutionized travel marketing and will play an even greater role in future as more people opt for this way to shop, and to buy as well. This has to be a central focus of the marketing programs of all tourism operators.

Other technological advancements will continue to play a very important part in the accommodation industry. Although the industry was very slow to adopt computers and automated systems, in large part because of the fear of losing personal contact with guests, this is no longer the case and hasn't been for a while. Most large properties have implemented systems, and a large number of smaller properties have followed suit. As the equipment becomes less expensive to purchase and maintain and detailed management information is increasingly required, so the use of technology will expand. In particular, we will probably see increased use of accounting and front desk systems in smaller properties: not out of an expectation of saving labour costs but rather as a means of more accurate record keeping and improved guest satisfaction. Guest history, automated check-in and check-out, voice messaging, and video conferencing are examples of systems and programs that will filter down into smaller properties as they become more affordable and guests' demands for better service continue.

Similarly, the Internet will likely become a vehicle by which operators can improve their performance. Adding booking capabilities to websites and using the Internet to do market and product research, trends research and competitive research will continue to grow in importance.

It is becoming more and more evident that technology is essential, both as a management tool and as a means of communication. Owners and operators of accommodation properties must adapt to this change as quickly as possible and should anticipate future changes to facilitate operations and improve profitability.

ACKNOWLEDGEMENTS

ACKNOWLEDGEMENTS

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APPENDIX I

Market Data

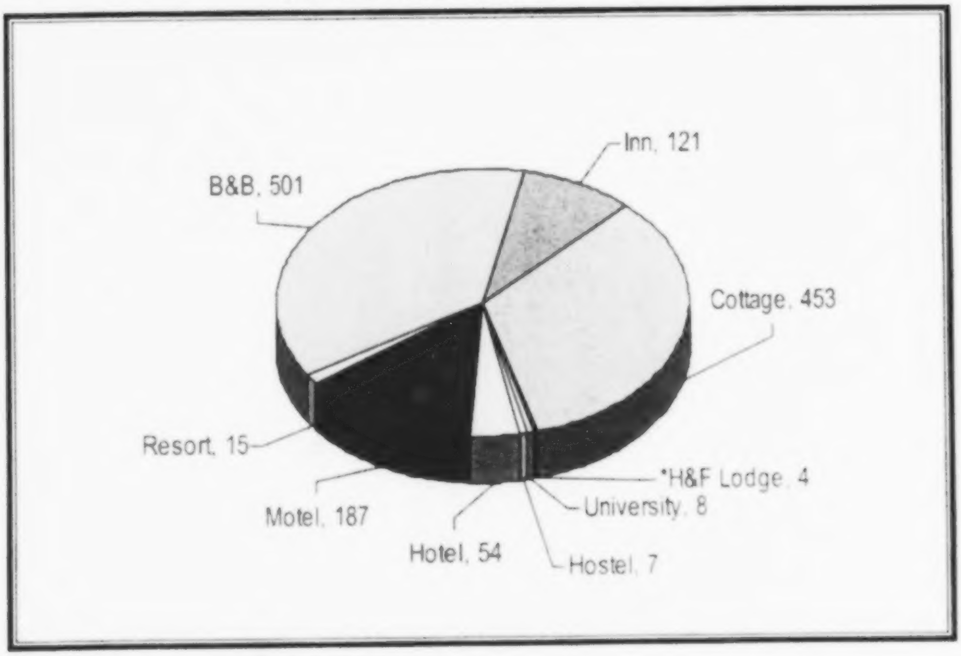
APPENDIX I

MARKET DATA

EXHIBIT I-1

ACCOMMODATION SUPPLY IN NOVA SCOTIA: 2004
(Number of Properties by Accommodation Type)

TOTAL PROPERTIES = 1,355



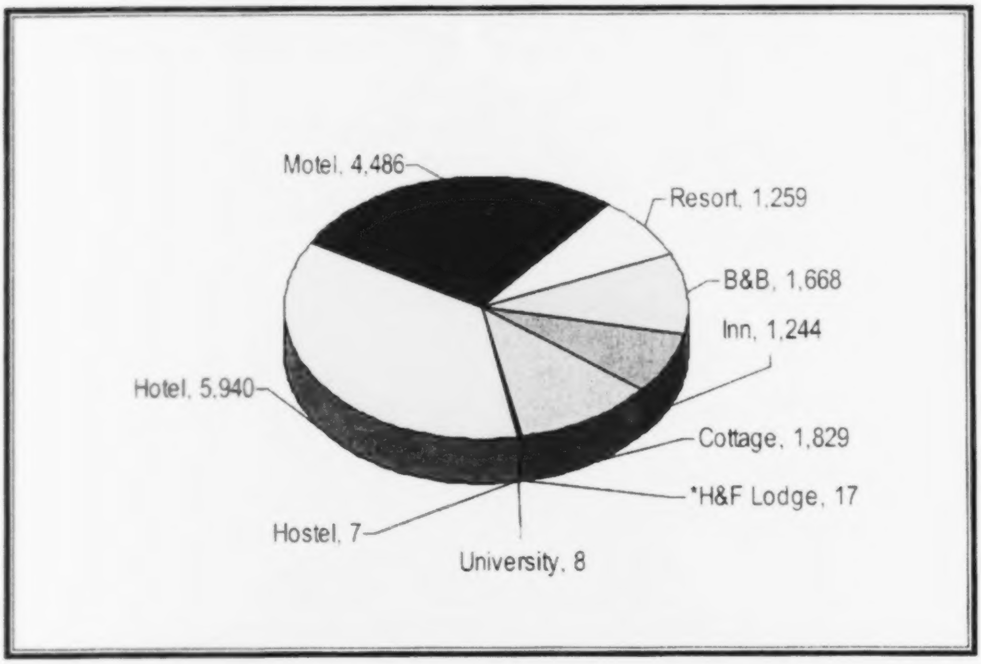
*** H&F = Hunting and Fishing Lodge**

Source: Department of Tourism, Culture and Heritage

EXHIBIT I-1 continued

ACCOMMODATION SUPPLY IN NOVA SCOTIA: 2004
(Number of Rooms by Accommodation Type)

TOTAL ROOMS = 20,406



*** H&F = Hunting and Fishing Lodge**

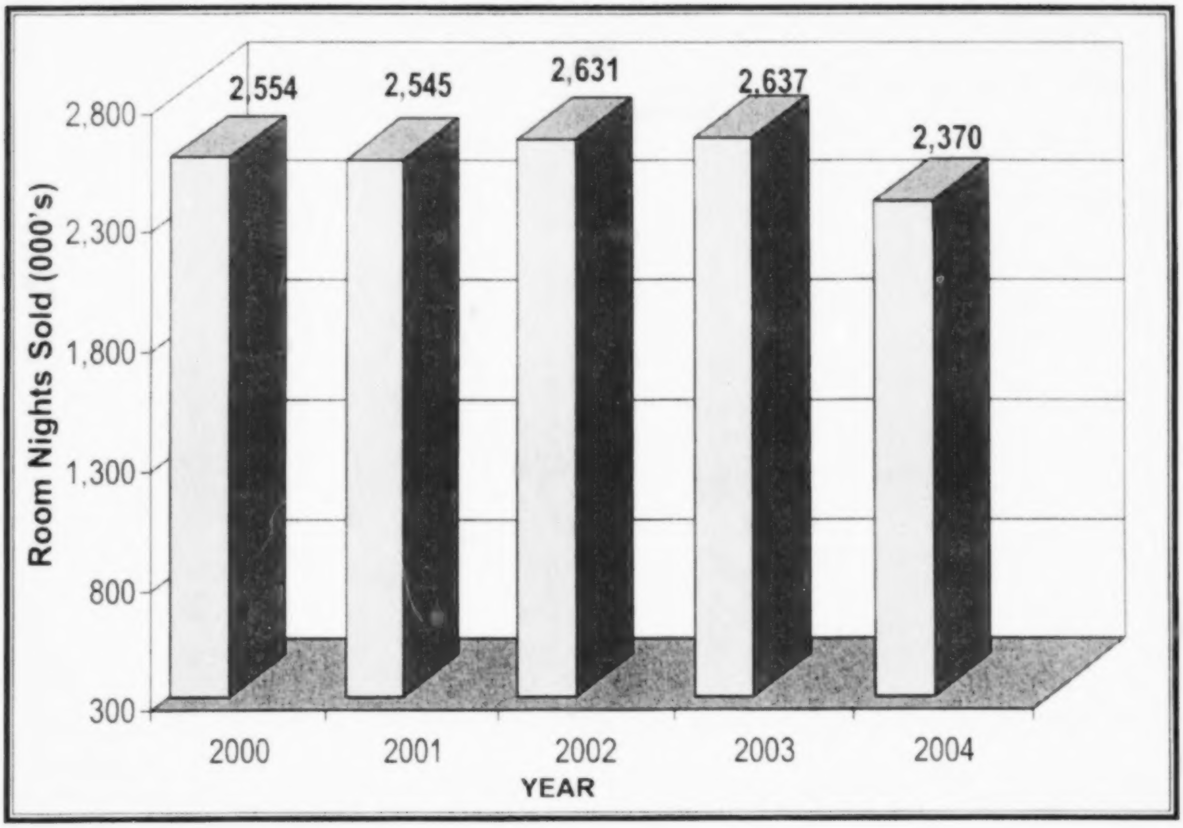
Source:* *Department of Tourism, Culture and Heritage

ACCOMMODATION SUPPLY 1994-2004

ACCOMMODATIONS	**1994**	**2004**
Number of Properties	**720**	**1,355**
Number of Rooms	**12,710**	**20,406**

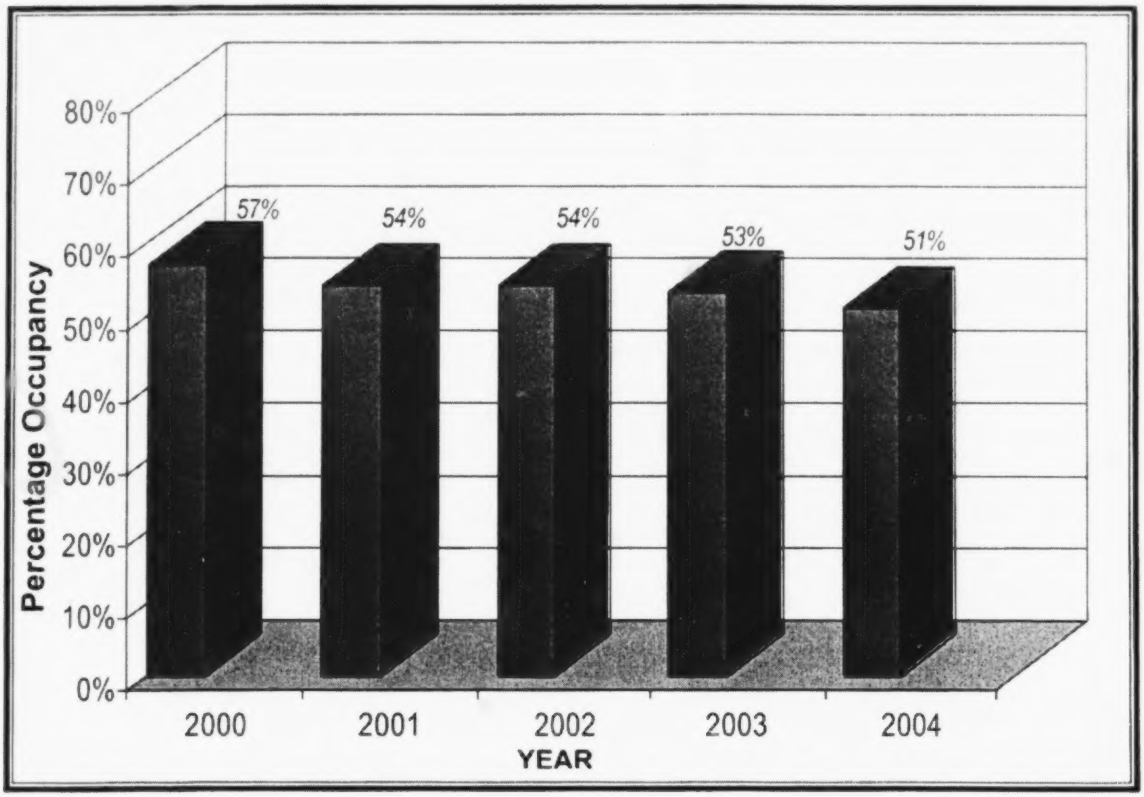
EXHIBIT 1-2

ACCOMMODATION DEMAND IN NOVA SCOTIA: 2004
Room Nights Sold (000'S), 2000-2004



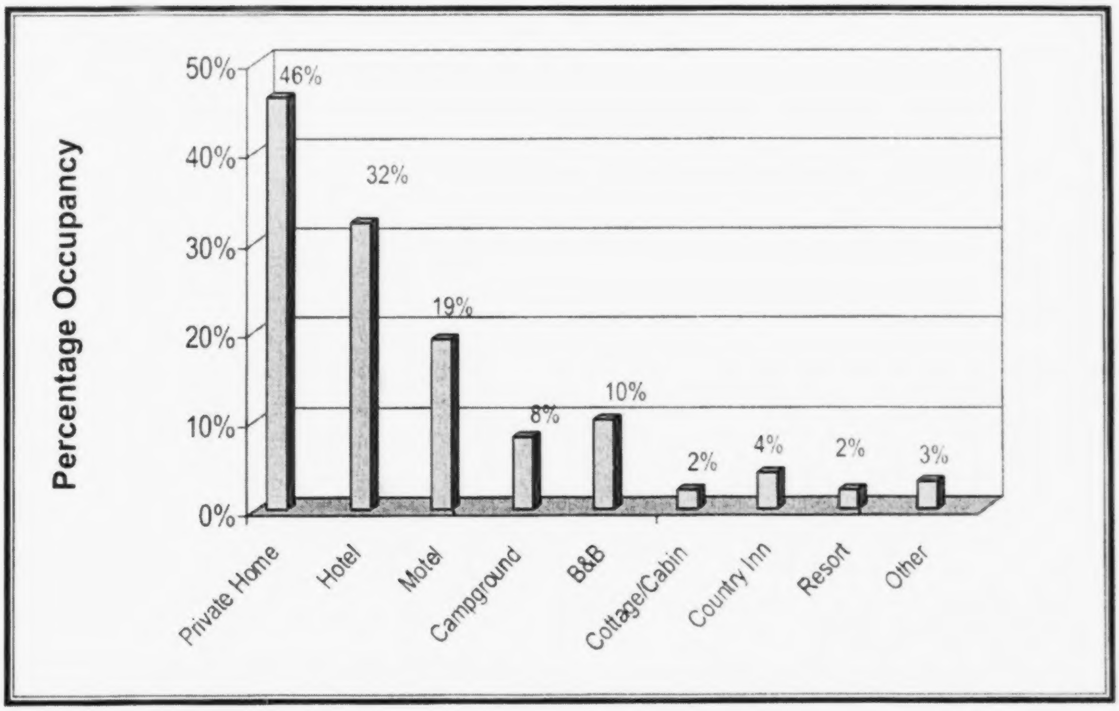
Source: Tourism Insights, Department of Tourism, Culture and Heritage

EXHIBIT I-3
NOVA SCOTIA ACCOMMODATION OCCUPANY RATES BY YEAR:
2000 -2004



Source: Tourism Insights, Department of Tourism, Culture and Heritage

EXHIBIT I-4
PERCENTAGE OF NON-RESIDENT VISITOR PARTIES THAT STAYED AT LEAST ONE NIGHT IN DIFFERENT TYPES OF ACCOMMODATION: 2000



Source: 2000 Nova Scotia Visitor Exit Survey

APPENDIX II

Business Structures

APPENDIX II

BUSINESS STRUCTURES

Alternative Forms of Business Structures

This section looks at alternative ways of setting up a business and deals with the major considerations you will face.

The alternative forms of business organization include:

- Sole proprietorship;
- Partnership;
- Corporation - the Limited Company and the Public Corporation;
- Limited Partnerships;
- Joint venture;
- Not-for-profit organization.

The features, advantages, and disadvantages of each organizational form are summarized below.

Sole Proprietorship

A sole proprietorship is just what it says. It involves one owner, and that owner and the business are one entity. In other words, the person owns the assets personally, and the liabilities of the business are the liabilities of that person. There is no legal form to a sole proprietorship, although it still has to register itself as a business for the purposes of business licensing and sales tax registration. The legal status of the business is the legal status of the owner as a citizen. The income of the business is the personal income of the owner.

The advantages of this form of enterprise include:

- Simplicity;
- Freedom to make your own decisions.

The disadvantages include:

- No limitation of personal liability for the owner;
- Nobody to share the responsibilities of running the business;
- Limited access to equity other than what you have available personally.

This form of enterprise is only feasible where the business is owned solely by an individual, or perhaps by a married couple, since the laws on marital property will govern the nature of the relationship between the parties.

Partnership

A partnership is a business form intended for two or more owners. Like the sole proprietorship, the owners of the business and the business itself are one and the same for legal purposes. The business has no legal status separate from the individuals involved. The liabilities of the business are the liabilities of the partners. In fact, each and every partner is liable for all of the liabilities of the business. Partners are assumed under the law to have equal interests in the business, unless their partnership agreement specifies differently.

The governing legal instrument is the partnership agreement drawn between the partners. It has legal status as a contract. It normally covers the key arrangements among the partners, for example:

- The proportions of partners' interest, if other than equal;
- Cross indemnification of personal liability;
- Provision for dissolution or transferring of interests in the partnership;
- The decisions to be made jointly by the partners;
- Prohibited activities;
- Provisions for life and disability insurance to assist surviving partners in acquiring the interest of the deceased or disabled partner, and compulsions on the partner or his or her estate to sell that interest to the surviving partners in the event of disability or death;
- The manner in which partners are to be compensated, as well as distribution of the partnership's profits and losses;
- Procedures for amending or terminating the agreement.

The advantages of a partnership are:

- Basic simplicity;
- Provides for more than one owner.

Disadvantages include:

- Unlimited liability for each partner for all of the liabilities of the business. The partners can have a mutual indemnification clause in their partnership agreement, which can partially offset some of the risk, but this only establishes a claim on the other partners in the event a partner is called upon to cover a business liability.

- Many partnerships fail because the partners do not adequately deal with issues such as those identified above as needing to be included in the partnership agreement.

Corporation

The corporation is a separate legal entity from its owners. It has the status of a person under law. It is created when Articles of Incorporation are filed with the Registry of Joint Stock Companies of the Nova Scotia government in the case of a provincial corporation, or the federal government in the case of a federally incorporated company. You have the choice of provincial or federal incorporation. (There is little point in a federal registration unless the same company is going to be doing business outside of Nova Scotia.)

A corporation issues shares to its owners and equity investors. The liability of the owners and investors is limited to the amount of their investment. (However, if they provide personal pledges or guarantees to the bank or other creditors on behalf of the company, their limited liability does not protect them for the specific liability involved.) In other words, for the most part the company's creditors have only the assets of the company as protection for their credit, not the assets of the owners. There are certain creditors and liabilities which do have a claim on the owners of an incorporated company including the Receiver General of Canada for employee source deductions, the Workers' Compensation Board, and employees for their back wages.

There are two forms of limited liability corporation, the private corporation and the public corporation. The private corporation is the one used by the vast majority of small-and-medium size businesses that are incorporated. In these cases, the investors are informally organized by the promoters of the business. Private corporations are not permitted to promote the sale of their shares to the general public.

In a public corporation, on the other hand, promoters are permitted to solicit the sale of the corporation's shares to the general public through investment dealers and other financial institutions. To do this, however, the promoters have to file detailed information on the business proposal and on many other topics to the Nova Scotia Securities Commission and receive approval to sell the share offering.

The cost of legal, consulting, and accounting fees in developing a prospectus can run to hundreds of thousands of dollars, so this form of business structure is only used for very large businesses.

The advantages of a corporation are:

- Limitation of owners' liability;
- Can have several owners/investors;
- The business can enter into contracts and conduct business in its own name, rather than the names of the owners;
- There can be some tax benefits to the owners as compared with the sole proprietorship or partnership.

Disadvantages include:

- More expensive and complex to establish;

- For very small businesses, much of the advantage of limited liability is usually lost, since bank and lenders will insist on personal guarantees from the owners anyway.

Limited Partnership

The limited partnership is a form of business organization that was popular in the past decade. It is like a partnership in some ways and a corporation in others. Basically, the general partner organizes and runs the business, while the limited partners invest in it. All are partners for tax purposes; in other words, the net income and losses of the partnership flow directly to them. However, the liability of the limited partners is limited to the amount of their investment, as long as they don't engage in the business in any fashion, other than as passive investors. To remain a limited partner, a person must not take part in the management of the firm and may not act on behalf of the company.

Joint Venture

A joint venture is like a partnership but usually involves two or more corporations that enter into an agreement to operate an enterprise under joint ownership. The respective companies usually have some business relationship with the joint venture.

Business Registration

Whatever form of business structure you choose, you need to register the business. This is discussed in Section 6.

Tax Considerations

There are a number of tax implications with each form of business organization. You are strongly advised to obtain professional tax advice from a qualified accountant, preferably a tax specialist.

Agreements Among Principals

Whatever the form of organization, it is vital that the principals in the business execute a formal agreement among themselves. In the partnership, there is a partnership agreement, while in the corporation it is a shareholder's agreement.

The agreement should cover, at a minimum, the following kinds of issues:

- An understanding as to the purpose of the business, the roles of the principals in it, and any other mutually agreed intentions;
- Decisions requiring approval of all the principals;
- Decisions requiring approval of a majority of the principals;
- Procedures for selling or transferring an interest in the business;
- Procedures for dissolution;
- Procedures for resolving conflicts when there is a stalemate;
- Methods of compensating the principals;
- Issues having to do with the rights of and prohibitions on the principals.

Which Form of Business Should I Use?

If you're in this project on your own, a sole proprietorship is simplest and cheapest.

Incorporate a private company in which you hold all or most of the shares if you want some limitation of liability protection and/or if your tax advisor indicates some tax advantages in incorporation.

If there's more than one owner, and they all want to have a say in the running of the business, form a partnership.

In partnerships, sometimes one partner may be silent, which means he or she will supply the capital while the other supplies the know-how and the hands-on management. In most cases, however, partners work together at the business. Ideally, in a working partnership, each partner will have skills that are different but complementary to the other so that both can contribute to the business in other ways besides supplying money. Whether silent or active, your partner will usually insist on some role in management decisions.

A word of caution here: you should be very careful in choosing a business partner. Many partnerships fail because the partners cannot get along. If you do choose to form a partnership, you should have a detailed and comprehensive agreement drawn up to protect the interests of all partners.

If you have several others who are prepared to invest in the business but are not going to be active in it as partners, then the private corporation may be the best form. Your tax advisor may, on the other hand, suggest a limited partnership since it gives some tax advantages to the non- active partners.

You definitely need expert advice on this, however.

APPENDIX III

Financing

APPENDIX III

FINANCING

Few people starting a business have enough personal capital to do it on their own. It is much more common for entrepreneurs to need other investors and, usually, some loan capital as well. This section deals with the "how to's" of arranging financing for your accommodation business.

It is important that you learn the basics of business finance if you are going to be seen as credible and competent by a banker or other lender. They don't expect you to be an expert on financing but they do expect you to know enough to be able to meet their needs and provide reassurance about their major concerns. They also expect you to know enough about business finance to be able to manage your business' financial affairs over time.

Rule number one is that you must invest significantly in the business yourself. You have to have your own neck on the line if others are going to risk their capital on your enterprise. Having other equity investors will be helpful, but the lenders will look to the managing principals to have a major, personal equity stake in the business.

Rule number two is that you have to have a credible business plan and preferably a feasibility study too to provide evidence that the business is going to be able to succeed and pay back its financing: first its loans and secondly its outside equity investors.

Bankers and lenders are not risk takers. They not only want the foregoing, they also want some additional security in the form of assets pledged to protect the loan.

We will now briefly explore the different types of financing available and then consider the "how to's" of applying for a loan.

Equity Capital

Your own investment in the business, be it cash, buildings or equipment, is the primary source of equity. Additional equity capital will be invested by partners, limited partners, or other investors who are willing to risk their capital on your idea and your abilities.

Venture Capital Companies

There are many venture capital companies in Canada who invest in small-to-medium size businesses that have growth potential. Venture capital companies commonly invest between $100,000 and $500,000.

These companies will put in risk capital but only in ventures that have the potential to grow dramatically and pay large returns within four to five years. They will want to sell their investment after four or five years and realize their gain.

Typically, venture capitalists invest in high tech and other high growth companies when they are in their fledgling stages. While most tourism enterprises don't have the same kind of growth potential, some may, particularly if there is the opportunity to franchise a good concept. Otherwise, this is not a very likely source of financing.

The key things venture capitalists are looking for are:

- Rapid growth potential;
- Strong, committed management;
- A seat on the Board of Directors and pre-emptive rights to replace management if they don't perform on target;
- Large returns over a limited number of years.

Debt Financing

Loans are the predominant form of financing for the tourism industry in Nova Scotia and elsewhere in Canada.

A key lending principle is that long-term assets are financed with long-term loans and short-term assets are financed with short-term loans. Working capital should be financed by a short-term line of credit. In other words, the type of financing should fit the useful life of the asset in the business.

Another key principle, often ignored, is that a business should never commit to loan obligations that it can't comfortably support from its earnings. As a general rule, the lenders will want the business to be able to generate cash flow which is at least 1.1 times, and perhaps as much as 1.5 times, the amount required to repay both principal and interest on an annual basis.

In addition, your loan financing, combined with your equity financing should be sufficient to cover all your costs, and should provide for contingencies in the event of unexpected costs or overruns in development costs. Otherwise, the working capital of the business will be absorbed by capital commitments and the ability of the business to operate properly will be compromised, if not threatened.

Fixed Assets Financing

Fixed assets are assets fixed in one place, such as land and buildings. They are assets that generally have a long life. Such assets are normally financed with long-term debt, either a mortgage loan or a secured term loan. Mortgage loans extend for the longest period, while term loans are normally for intermediate periods of five to fifteen years.

Lenders don't like to finance more than 75% of the value of assets in this way; they want the rest covered by equity. The lender looks to the projected earning power of the business to pay off the loan, although they also want the security of a claim on the assets themselves in the event of default. They will expect a business plan from you and may also want a feasibility study.

Long-term lenders also look at the overall financing of the business, not just the financing of their secured assets. They look at the debt/equity ratio and don't like to see a ratio of more than 1.5 or 2.0 at the most (1.5 or 2 times as much debt as equity).

Lenders may require other things from you. Typical requirements, in addition to the security for the loan, include:

- Personal guarantees of the main principals for the amount of the loan plus accrued interest;
- A postponement of the repayment of shareholder loans until the loan is repaid;
- Limitation on the salaries and drawings of the principals;
- Restrictions on major capital purchases until the loan is repaid.

Major Equipment Financing

An accommodation operator's major capital equipment is likely to be limited. If you are including a restaurant, then you will have kitchen equipment. If you have no food service, however, you will probably not need any major equipment financing. Long-term mortgage loans are not normally used to finance major equipment purchases. The techniques that are used most often include:

- Secured term loan;
- Conditional sales purchase;
- Equipment lease;
- Sale and leaseback.

Secured Term Loan

This is a standard term loan, generally of five to fifteen years, in which the equipment is taken as security for the loan, usually in the form of a lien.

Conditional Sales Contract

This is a method wherein the manufacturer of the equipment finances the purchase. The purchaser makes a down payment and monthly payments until the loan is paid off. The ownership of the equipment remains with the manufacturer until the debt is paid.

Lease

Leasing is a very common way to finance equipment. This is like the conditional sales contract, but leases are provided by many different financial institutions, not just equipment manufacturers. With a lease, the equipment is rented for a pre-set period of time at a fixed monthly payment that covers the cost of interest as well as a portion of the original value of the equipment. Depending on the type of lease, the equipment either reverts to the leasing company at the end of the term (although the lessee usually has an option to buy it for a pre-set value) or the lessee must buy it for a pre-set amount at the end of the lease term.

The ownership of the assets usually resides with the leasing company.

Leases are popular since they don't require a large cash outlay at the beginning. They also provide a means of replacing equipment on a regular basis, since it can be returned at the end of the lease period and new equipment leased. It is also attractive for companies wanting to own the equipment, since they can buy it at the end of the lease period, probably for a quarter to a third of the original cost.

Sale and Leaseback

Companies wanting to reduce their existing debt so that they can borrow for new assets they require can sell a fixed asset to a financial institution and then lease it back. They effectively convert a long-term debt into a medium-term lease commitment.

Working Capital Financing

The financing of short-term working capital is generally done with some combination of the following:

- Bank line of credit;
- Character loans;
- Commercial loans.

There are other methods, such as accounts receivable financing and factoring, but they are very unlikely to be used by an accommodation business.

Bank Line of Credit

This is called a demand loan since the bank can demand payment at any time. The line of credit is really an overdraft privilege with a pre-set limit. It allows you to pay your bills with the bank's money when you're short of cash. The amount of the loan is the amount used and interest is only paid on the amount used.

The bank may require you to pledge your receivables as security for the line of credit and they will probably want regular financial statements and frequent lists of payables and receivables. They will also want personal guarantees.

A hybrid of this is the revolving loan, in which the bank automatically extends you small loans as you draw on the credit available and automatically pays them off as you make deposits. While you may pay interest on a slightly larger average loan, the interest rate is usually lower.

The bank will monitor your line of credit. They like to see it fluctuate and occasionally go to zero. If it is constantly at the limit, they will get concerned. If this happens, you probably should refinance the business to return the line of credit to a fluctuating loan.

Character Loans

These are unsecured loans, generally short-term, which are extended to companies or individuals with excellent credit ratings. The funds can be used at the company's discretion.

Commercial Loans

These are more formal loans intended for short-term uses. The bank generally wants payments on a regular basis and the loan paid off within a year.

Sources of Financing in Nova Scotia

There are a number of agencies which offer financial assistance for tourism related businesses in Nova Scotia.

The **Business Development Bank of Canada** is a federal crown corporation set up to provide financial assistance to small-and medium-size businesses. Assistance is available in the form of loans, loan guarantees, and venture capital. As a venture capitalist, the BDB can purchase shares in your business or work with private-sector financial institutions to obtain the equity financing you require. Contact the Business Development Bank of Canada for more specific program details.

The **Canada/Nova Scotia Business Service Centre** (www.cbsc.org/ns/) provides a variety of helpful information including potential sources of funding programs.

The **Office of Economic Development** might be able to offer funding assistance through various programs. Check out their website at www.gov.ns.ca/econ/

Another potential funding source is the **Atlantic Canada Opportunities Agency** (ACOA), which has various assistance programs for business. The programs are designed to help you set up, expand, or modernize your business and focus on small-and medium-size businesses. They can provide tourism-related businesses with access to capital in the form of interest-free, unsecured, repayable contributions. Contact ACOA (or Enterprise Cape Breton Corporation for businesses in Cape Breton) for information on eligibility and program details.

Finally, the **Small Business Financing Act** is a federal government program designed to help new and existing small business enterprises obtain term loans from chartered banks and other lenders for financing the purchase and improvement of fixed assets. Loan assistance is available for the purchase of land, construction or renovation of premises, and purchase of new equipment. The program is delivered through private-sector financial institutions. Further information on the Small Business Financing Act is available from ACOA or your lender.

The First Step

First of all, put together a short description of your business concept, in point form if possible, and review it with your local economic development officer or a representative of the Regional Development Authority or the Office of Economic Development. They will be able to help you identify what you need if your application is to be considered favourably by a banker.

Next, make an appointment with the manager or loan officer and go to meet with them. (It will help if you review this section before you go so you are able to discuss financing options with some knowledge.)

Make it clear at the outset of your meeting that this is intended to be a preliminary meeting, designed to help you prepare the specific information they are going to need to process your application. It is vital that they understand that you aren't applying for financing at this point, only looking for information and advice regarding a possible later application. They are used to people coming in to make actual applications for financing without having any idea of what's involved. Those people instantly have two strikes against them. Make sure they don't cast you into this lot!

By giving them an overview of the business concept, they will be able to focus in on the forms of financing and types of conditions most appropriate for your business. You may, in fact, learn that they are not the right kind of institution at all and save yourself later frustration.

There are several other advantages of having this initial meeting:

- You will be able to focus your subsequent presentation to them on the things that they indicate will be most important and avoid wasting effort on things that aren't important.

- You will get a sense of the aspects of your concept that make them most nervous and you will be able to concentrate your later presentation on overcoming these concerns.

- It will impress them that you are taking a professional approach; that you recognize their need for information and evidence of the merits of the proposal; and that you have sought their advice. The psychology of this can be most valuable later; they will write in their file, "The principal of this business is taking a professional approach to preparing his or her application," or some such supportive comment.

The Second Step - Preparing Your Presentation

In preparing your written presentation, you will need, directly and indirectly, to address a number of specific concerns that the financial institution will inevitably have:

- The viability of the business concept - potential earnings, risk factors, competitive advantages/disadvantages. With existing businesses, they will, of course, be interested in past growth, revenues, and earnings as well.

- The tourism industry and the accommodations sector in particular - viability, trends, growth.

- The ability of projected earnings to service the financing.

- The opportunity for growth over time.

- The management abilities of the principals - their track records in past projects or jobs, their experience in this kind of business, their formal training and education.

- The financial integrity of the principals - past credit history, reputation in the business community for paying bills and fulfilling obligations.

- The amount of equity in the business, particularly from the main principals.

- The realizable value and marketability of the security that is available to secure the financing.
- The level of professionalism evident in the approach to securing financing - the understanding of the needs of the lender, the use of outside professionals.

The actual presentation will address these issues in the context of the suggested table of contents in Exhibit III-1. If you have already prepared a business plan and/or a feasibility study, you can attach them to the submission and reference them where appropriate.

The presentation need not be exhaustive. It can be in a summary form and use bullets to make the points concisely. The financial institution will come back to you for more information where they need it.

You should submit the presentation in person, making an appointment, and then make another appointment to come back and discuss the presentation once they've had a chance to read it.

Negotiations

Honesty and openness in negotiations are critical. It isn't just because you don't want to be caught in deceit or concealment of information, it's also because you are going to have to establish a relationship of mutual trust and maintain it over a period of years. If the financier has any reason to doubt your trustworthiness, honesty, or openness, you will find it very hard, indeed, to get your loan approved.

Discuss your own concerns openly: how you intend to deal with the risks and uncertainties, what you expect to do about major problems that might arise. In general, have an open and full discussion of how the business is going to overcome its challenges. Financiers know very well what can go wrong with a business and they believe in Murphy's Law. In fact, they tend to be cynical about small business, unfair as that may seem. They want you to make them comfortable and give them confidence in your ability to deal with problems.

EXHIBIT III-1

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Executive Summary:

- Very brief description of the business, the concept proposed, and the capital budget
- An outline of proposed financing
- Summary of revenue and cash flow projections

Background:

- Industry/general tourism trends
- History of the company, date of commencement
- Form of business (partnership, etc.)
- Names of the principals, their involvement, and investment

Business Concept:

- The development concept
- Its unique selling propositions and competitive advantages
- The product mix/product features
- Target markets
- Location and site description
- Proposed assets and capital budget
- Purchase price
- Project phasing

Proposed Financing:

- Equity
- Debt
- Working capital
- Security available

Management:

- Organizational structure
- Biographies of principals and key management

EXHIBIT III-1 cont'd

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Markets and Projected Demand:

- Summary of results of market research and analysis
- Comparable information
- Competitive analysis
- Market trends
- Demand projections

Marketing:

- Pre-opening activities/opening promotions
- Summary of the consumer marketing plan
- Summary of the travel trade and group marketing plan
- Marketing partnerships
- Pricing
- Planned market tracking and research

Operations Plan:

- Staffing and training plan
- Business systems
- Other operational issues

Three to Five Year Operating Projections:

- Revenues
- Operating Costs
- Profits
- Debt service
- Asset additions
- Net cash flow

Initial Balance Sheet:

- Assets
- Liabilities
- Equity

EXHIBIT III-1 cont'd

SUGGESTED TABLE OF CONTENTS FOR A BUSINESS PLAN, SUITABLE FOR A PRESENTATION FOR FINANCING

Return on Investment:

- Internal rate of return or simple return on investment
- Present value of cash flow
- Times interest earned
- Breakeven analysis

Summary of Key Risks and Contingencies:

- Key risks and management's proposed responses to such threats
- Contingency plans to deal with above

References:

- Financial institutions
- Creditors
- Past business associates - customers, suppliers, partners, etc.
- Banker, lawyer, accountant

Don't be intimidated. If you don't understand something, ask. If you don't agree with something, say so. If you think they are being unreasonable in their demands, ask them to explain why the demands are necessary and debate the issue.

At all times be open-minded, non-judgemental, and cool.

This is a normal negotiation. You are free to go elsewhere to get the best deal for your business. However, we recommend that you approach one lender at a time. When you find someone you like and can deal with, stick with them. You should always deal with your banker in good faith. If the manager doesn't think you are serious, or thinks you are wasting his or her time, then you will have difficulty obtaining the financing you require.

Try to get the manager/loan officer to leave their office and come to see your site; give them the tour. Getting them out of their environment into yours is good psychology, and it will help them see your proposal in a more substantial way. It will be real, not just a paper project.

It will take some time and effort to accomplish, but you want to draw your financier into a partnership-style relationship, where they will be more concerned with keeping your business afloat and helping you out, rather than worrying about their loan and wishing you'd take your business elsewhere.

Put yourself in their shoes and act accordingly. Keep them informed. Act like you are in a partnership relationship and treat them like your partner. Hopefully, they will respond in kind.

APPENDIX IV

Calculation of Net Income, Cash Flow and Return on Investment

APPENDIX IV

CALCULATION OF NET INCOME, CASH FLOW AND RETURN ON INVESTMENT

This appendix presents the calculation of net income and cash flow as well as methods of calculating return on investment, based on professional, accepted standards of analysis.

The proper way to determine the real profitability of a business and its return on investment is to first calculate net profit, in accordance with established accounting principles and in the way Revenue Canada calculates business income taxes. By following this method, it is possible both to determine your projected level of income taxes and determine the actual net cash return accruing to you and your investors.

However, there is also a shortcut method which is simpler and will also render a cash flow calculation, although the numbers will, in this case, be pre-tax. If it is your purpose to determine the basic viability of the business proposal by measuring return on investment, pre-tax returns can be just as useful as net returns. We will discuss this latter method first.

The short-cut way of calculating cash flow is simply to start with Operating Profit, deduct total mortgage payments (both principal and interest), and deduct any capital Asset Replacement allowance. This will give you the net cash flow, prior to business income taxes. It is simpler, by far, than going through a detailed calculation (which is only required to derive income taxes), and the pre-tax numbers can be just as readily used for return-on-investment analysis.

To complete a detailed analysis, we need to determine pre-tax profit, net profit and net cash flow.

Pre-tax Profit is the Operating Profit minus all other charges against income. These are the non-operating costs of the business, and they include:

- Interest on long-term debt;
- Depreciation.

To calculate the interest on your proposed debt financing, we need to split the mortgage payments between the interest and principal portions for each year. A mortgage program can do this for you. Ask your accountant or your banker to run the numbers for you.

Depreciation should be charged at the Capital Cost Allowance (CCA) rates set out by Revenue Canada for each type of asset. Generally, these are calculated on a diminishing balance basis (a constant percentage is applied each year against the un-depreciated balance in the asset account), although some assets can be depreciated on a straight-line basis (an equal portion of the original amount each year). Check with your accountant or Revenue Canada for the CCA rates applying to the major asset items proposed for your operation.

Net Profit is Pre-tax Profit less corporate income taxes. Business income taxes are levied against pre-tax profit. Ask your accountant which tax rates would apply to your business.

The resulting figure, Net Profit, is the accountant's way of telling you what the real profit is in your business. It is a figure which includes the profit that is available to you and your investors at the end of the year as well as the principal portion of any debt that has been paid off, after adjusting for the amortization of the original cost of the assets in the business (depreciation or CCA). In other words, it's the accrued change in the book value of the net worth of the business (i.e. assets less liabilities).

However, this is not the same figure as the amount of real cash you have available from the business, since it includes the principal portion of mortgage payments which have been made and it also ignores any new capital expenditures which have been made over the year (expenditures which would have been capitalized rather than expensed against that year's income). Net Profit is also net of capital cost allowance or depreciation. Indeed, as this is a book entry and not a real cash flow charge, it only distorts the cash flow picture.

To calculate Net Cash Flow, which is the real cash figure, you need to start with Net Profit, add back the depreciation or capital cost allowance, deduct the principal portion of mortgage payments (the interest portion has already been deducted) and deduct an allowance for capital purchases (Asset Replacement) for the year. This is the real cash return - the cash flowing out of the business for the year and available for you and your investors to take out or re-invest.

The short-cut way of calculating cash flow is simply to start with Operating Profit, deduct total mortgage payments (both principal and interest), and deduct any capital Asset Replacement allowance. This will give you the net cash flow prior to business income taxes. It is simpler by far than going through the detailed calculation above (which is only required to derive income taxes), and the pre-tax numbers can be just as readily used for return-on-investment analysis. A worksheet is provided in Exhibit IV-1.

Return on Investment Methods

Return on Investment is generally referred to as ROI. Another measure of value is Return on Equity (ROE).

These calculations give you a single measure of the income returned on the invested capital over a period of future years selected by the analyst to represent the life of the investment. ROI is a measure of the return on total capital, both debt and equity, while ROE is the return on equity only. These measures are universally accepted by investors, bankers, and other lenders as means of evaluating the income potential of a business investment.

EXHIBIT IV-1

CALCULATION OF PROFIT (LOSS)

	Mature Year	**1**	**2**	**3**	**4**	**5**
Revenue						
Total Operating Expenses						
Operating Profit						
Less: Mortgage Payments (P & I)						
Less: Capital Replacement Allowance						
PRE-TAX CASH FLOW						

There are a number of ways to make these calculations, some more complex than others. The more complex methods are, of course, the better methods. We will start with the simplest.

Simple Average Pre-Tax or Net ROI/ROE

For a particular year, ROI is the pre-tax cash flow plus the interest for the year on long-term debt, as a percentage of the original total investment (equity plus long-term debt).

$$\text{ROI} = \frac{\text{Pre-tax or Net Cash flow + Interest on Long-Term Debt}}{\text{Original Equity + Original Long-Term Debt}}$$

ROE is the pre-tax or net cash flow as a percentage of the original equity investment.

$$\text{ROE} = \frac{\text{Pre-tax or Net Cash Flow}}{\text{Original Equity}}$$

These numbers can be averaged over a number of years, say ten years, to give an average pre-tax ROI or ROE figure.

These are the simplest calculations. However, they are not well regarded by serious financial analysts because they ignore the time value of money. What we mean is that they give the same value to a dollar earned in the tenth year as they do to a dollar earned in the first year. In reality the present value of a dollar earned in the tenth year is really only a portion of a dollar.

However, the simplicity of this method is its beauty and it is easy to understand. Most bankers will accept such numbers for their purposes. If you are not pressed for a more sophisticated calculation, leave it at this.

For a project to be commercially feasible, the ROI and ROE values have to be positive (i.e. the business is making, not losing, money) and they should exceed the costs of alternative, no-risk investments, such as bonds or guaranteed investment certificates. If they don't exceed these alternatives, why bother taking the risk? Just put your capital in guaranteed investments.

Another factor determining what is a satisfactory return is liquidity. Liquid investments, blue chip stocks and bonds, for example, can be readily and quickly sold, at little cost. An equity stake in a small accommodation business, however, may be difficult if not impossible to sell, and there may, in fact, be an agreement among the investors restricting their rights in this respect.

The degree these rates of return exceed no-risk investments is primarily determined by the level of risk inherent in the business proposal and, to a lesser degree, the level of liquidity.

Looking at an accommodation business, its advantages are:

- It has real estate which provides security for financing;
- It can, potentially, be converted to other uses.

Disadvantages include:

- High capital investment;
- High risk business;
- Can be difficult to get established, and the start-up period will extend two years or more.

Everyone has a different view on these matters, but we suggest the following guidelines:

ROI (assuming 50% debt and 50% equity):

- Double the interest rate on long-term debt is **excellent** (provides four-times coverage of interest on debt) (NB: - For the ROI to be double the interest rate, the ROE has to be three times the interest rate.);

- 150% of the interest rate is **good** (provides three-times interest coverage) ;

- 100% of the interest rate is **poor** from the investor's standpoint - there is no premium for risk but not bad from the banker's perspective, he or she has two-times coverage on interest;

- Less than 100% - is **not a commercially feasible** proposition and probably not bankable, since the lender has little or no income protection.

Assuming the financing was 50/50 debt/equity and that the interest rate on long-term debt was 10% per annum, an ROI of 20% would produce an ROE of 30%.

ROE :

- Triple the interest rate on long term debt is **excellent**;
- Double is **good**;
- Equal to the interest rate is **poor**;
- Less than the interest rate is **unfeasible**.

Times Loan Payment Coverage

Bankers look at the income protection on their loan. Basically, they want to see operating profit of at least double the level of annual loan payments. Thus, if there was a 50% deterioration in net income, the business could still cover its loan payments. For higher risk businesses, they will want to see triple or better coverage.

This judgement will also be affected by the amount and quality of security you have put up for the loan. If they don't have to rely on business income for loan repayment, they may be a little less demanding on times coverage.

Detailed Return-on-Investment Methods

The more sophisticated methods of calculating return on investment are summarized below. Both of them share the benefit of accounting for the time value of money in calculating return on investment.

Internal Rate of Return (IRR):

This method calculates the percentage of rate of return generated from a stream of income over time, relative to the amount of the original investment. Net cash flow is usually used to represent income, although a pre-tax IRR can be calculated too, if you are using the simpler pre-tax cash flow method of projecting earnings.

Essentially, this method determines the discount rate (rate of return) that, when applied to each future year's cash flow, will result in a total cash flow for all the years equal to the original investment.

Ask your banker or your accountant to do this calculation for you. Most spreadsheet programs today will perform this calculation. To do it manually, you have to be a mathematician!

Net Present Value (NPV):

Net present value (NPV), sometimes called warranted investment, is a very useful ROI measure. Rather than determining the rate of return itself, it asks you to establish a target rate of return and then discounts each year's cash flow at this rate to calculate the level of investment warranted for the project. In other words, it tells you how much you can afford to invest to produce the desired rate of return from the projected cash flow. If the warranted investment is higher than the actual investment required, the project will exceed the target rate of return and vice versa.

Again, the NPV calculation can be done by your accountant or banker.

Time Period for Projections

What time period should we use in measuring ROI?

A primary consideration in this respect is the expected useful life of the investment. The useful life of an investment can be many years. Buildings, for example, can have an effective life of a century or more. Rolling stock may be good for twenty years or more. Other assets may have a much shorter useful life. Assuming, however, that you will be spending enough annually to refurbish or replace items on a periodic basis, the useful life of the assets in the business will be extended indefinitely into the future. On the other hand, new competition could weaken your ability to maintain the business on this basis and its life would be shortened as a consequence. As a result, the expected useful life of an investment is not a sufficient consideration, on its own, for determining the time line for ROI analysis.

A second important consideration is the reliability period of future projections. Some experts believe that any projections beyond five years are so speculative that they are useless. (Some others believe one year is speculative!)

However, the key question is not really how accurate future projections can be but, rather, is it reasonable for you to rely on future income from the investment you're contemplating today and, if so, for how many years can you reasonably expect to continue to earn this income?

We would suggest that a ten-year time line would probably be appropriate for an accommodation business. With reasonable management and investment in marketing, this should be readily achievable. In addition, there's not a lot of value in extending the time line significantly beyond this, since, with the time-sensitive ROI methods, the impact of cash flow more than ten years in the future is quite small.

With the simple ROI method, you should not include years beyond the tenth year in the calculation, since to do so would distort the result by giving too much weight to cash flow in the distant future.

Break-even Analysis

Another useful analysis is break-even analysis. Some financial institutions like it because it paints a picture of the degree to which a projected level of business exceeds the minimum necessary to survive and provides a measure of the down-side protection in the projected numbers.

The break-even point is the volume of revenue at which all costs are covered and the business breaks even on a revenue-to-cost basis.

There are several different break-even points, as illustrated in Exhibit IV-2. The first comes when the intersection of volume of business and price produces enough revenue to cover variable operating costs (costs of sales and direct operating expenses). The amount of revenue in excess of variable costs is called Contribution to Overhead.

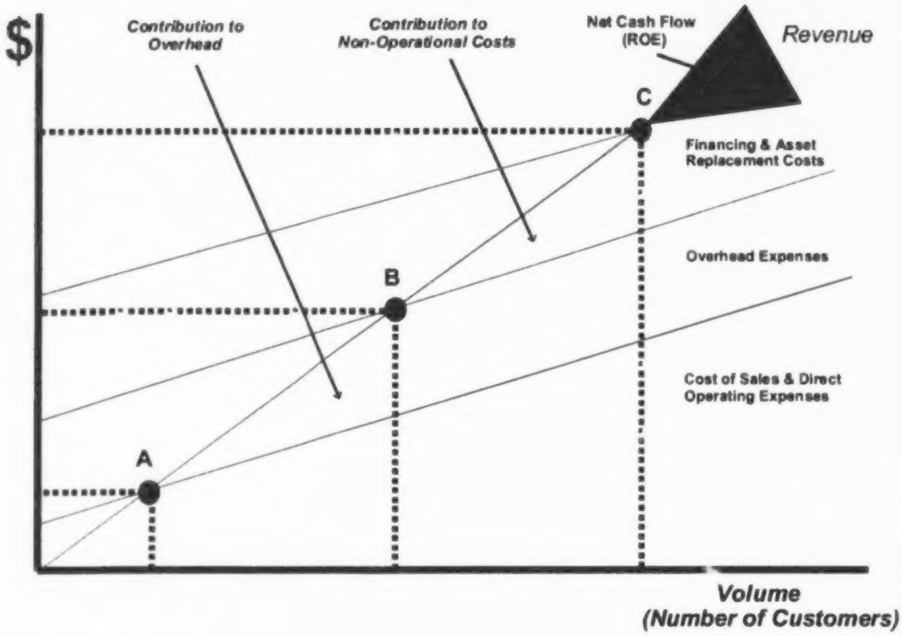
The second level happens when all operating costs, the variable costs as well as all overhead costs, are covered. The surplus is the Contribution to Non-Operating Costs or Contribution to Capital Related Costs.

The third level is when all costs of the business are covered. The surplus is Net Cash Flow or Return on Equity.

Break-even analysis is also very useful to management for the purpose of evaluating feasibility and also because it can be used in pricing and discounting strategies as part of a yield management process.

EXHIBIT IV-2

BREAKEVEN ANALYSIS



A	Break even on variable costs (direct costs)
B	Break even on variable & fixed cost (overhead costs)
C	Full Break even - covers all variable & fixed costs, as well as financing & asset replacement costs

APPENDIX V

List of Contacts

APPENDIX V

LIST OF CONTACTS

Tourism Division - Tourism Development
Department of Tourism, Culture and Heritage
1800 Argyle Street, 6th floor
Halifax, NS
B3J 2R5
Tel: 424-5000
Fax: 424-0629
Website: www.gov.ns.ca/dtc

Tourism Division - Tourism Marketing
Department of Tourism, Culture and Heritage
1800 Argyle Street, 6th Floor
Halifax, NS
B3J 2R5
Tel 424-5000
Fax: 424-2668
Website: www.gov.ns.ca/dtc

The Nova Scotia Tourism Partnership Council
World Trade and Convention Centre
Suite 603, 1800 Argyle Street
Halifax, Nova Scotia
B3J 3N8
Tel: 424-0048
Fax: 424-0723
Website: www.nstpc.com

Service Nova Scotia & Municipal Relations

Access Nova Scotia
Toll free: Throughout Province:
1-800-670-4357
Website: https://www.gov.ns.ca/snsmr

One-stop shopping for government programs and services. Maintain database of contacts for government departments in each region regarding appropriate permits, etc. Also contact for new Nova Scotia Business Registry.

Regional Access Nova Scotia Offices:

Access Nova Scotia - Amherst
Superstore Mall
126 South Albion St.
Amherst, NS B4H 2X3

Access Nova Scotia - Antigonish
20 St. Andrew's St.
Antigonish, NS B2G 2L4

Access Nova Scotia - Bridgewater
77 Dufferin Street
Bridgewater, NS B4V 2W8
Tel: 1-800-670-4357

Access Nova Scotia - Halifax
West End Mall
6960 Mumford Rd.
Halifax, NS B3L 4P1

Access Nova Scotia - Kentville
28 Aberdeen Street
Kentville, NS B4N 2N1
Tel:1-800-670-4357

Regional Access Nova Scotia Offices (Cont'd):

Regional Access Nova Scotia Offices (Cont'd):

Access Nova Scotia - Port Hawkesbury
218 MacSween St., Ste. 22
Provincial Building
Port Hawkesbury, NS

Access Nova Scotia - Sydney
Moxham Centre
380 King's Rd.
Sydney, NS B1S 1A8

Access Nova Scotia - Truro
35 Commercial Street, Suite 101
Truro, NS B2N 3H9

Access Nova Scotia - Halifax
West End Mall
6960 Mumford Road
Halifax, Nova Scotia
B3L 4P1

Access Nova Scotia - Dartmouth
Superstore Mall
650 Portland Street
Dartmouth, NS B2W 6A3

Access Nova Scotia - Yarmouth
Provincial Bldg.,
10 Starrs Rd., Ste. 127
Yarmouth, NS B5A 2T1

Canada/Nova Scotia
Business Service Centre
1575 Brunswick Street
Halifax, NS
B3J 2G1
Tel: 426-8604
Fax: 426-6530
Toll free: 1-800-668-1010
Information on federal and provincial government programs and funding assistance under the Community Business Loan Program.

Nova Scotia House of Assembly- Office of Legislative Council
Website: www.gov.ns.ca/legislature/legc/

Statutes of Nova Scotia

Government Departments

Federal Government

Atlantic Canada Opportunities Agency (ACOA)
1801 Hollis St., Suite 600
P.O. Box 2284, Station M
Halifax, NS B3J 3C8
Tel: 426-6743
Fax: 426-2054
Toll free: 1-800-565-1228
Website: www.acoa-apeca.gc.ca

Business Development Bank of Canada
Cogswell Tower - Scotia Square, Suite 1400
Halifax, NS B3J 2Z7
Tel: (902) 426-7850
Fax: (902) 426-6783
Toll free: 1-888-463-6232
Website: www.bdc.ca

Canadian Tourism Commission (CTC)
55 Metcalfe Street, Suite 600
Ottawa, ON
K1P 6L5
Tel: 613-946-1000
Website: www.canadatourism.com

Canada Revenue Agency
Business Services
Website: http://www.cra-arc.gc.ca
Payroll, GST/HST
Business Account Registration
Corporations (taxation)
Sole Proprietorships/Partnerships

Canada Revenue Agency
Tax Services Offices:
Halifax
Ralston Building
1557 Hollis St.
P.O. Box 638
Halifax, NS B3J 2T5
Fax: (902) 426-7170

Sydney
47 Dorchester St.
P.O. Box 1300
Sydney, NS B1P 6K3
Fax: (902) 564-3095

Enterprise Cape Breton Corporation
Commerce Tower, 3rd floor
15 Dorchester St.
Sydney, NS B1P 6T7
Tel: 564-3600
Fax: 564-3825
Toll free: 1-800-705-3926
Website: www.ecbc.ca

Fisheries and Oceans Canada (Maritimes)
P.O. Box 1035
Dartmouth, NS B2Y 4T3
Tel: (902) 426-3760
Fax: (902) 426-5995
Website: www.dfo-mpo.gc.ca

Industry Canada
Corporations Directorate
365 Laurier Avenue West, 9th floor
Jean Edmonds Tower South
Ottawa, ON
K1A 0C8
Tel: 1-866-333-5556
Fax: (613) 941-0601
Website: www.corporationscanada.ic.gc.ca

Industry Canada
Competition Bureau
50 Victoria St.
Gatineau, PQ
K1A OC9
Tel: 1-800-348-5358
Fax: (819) 997-4282
Website: http://cb-bc.gc.ca

Industry Canada
NUANS Search System
C/O NUANS Administrator
Hewlett-Packard Canada
P.O. Box 13000
100 Herberg Rd.
Kanata, ON
K2K 2A6
Website: www.nuans.com

Office of the Privacy Commissioner of Canada
112 Kent St.
Place de Ville, Tower B - 3rd floor
Ottawa, ON K1A 1H3
Toll free: 1-800-282-1376
Tel: (613) 995-8210
Fax: (613) 947-6850
Website: www.privcom.gc.ca
Personal Information & Protection of
Electronic Documents Act

Statistics Canada (Atlantic Office)
1741 Brunswick Street
Box 11, 2nd Floor
Halifax, NS B3J 3X8
Toll free: 1-800-263-1136
Website: www.statcan.ca
Population data, Canadian Travel Survey,
International Travel Survey.

Transport Canada, Marine Safety
Tower C, Place de Ville
330 Sparks St.
Ottawa, ON
K1A 0N8
Tel: (613) 990-2309
Website: www.tc.gc.ca/marinesafety
Navigable Waters Protection Program
Office of Boating Safety

Transport Canada (Atlantic Region)

Dartmouth:
P.O. Box 1013
45 Alderney Drive
Dartmouth, NS B2Y 4K2
Tel: 426-7795

Port Hawkesbury:
811 Reeves St.
Shediac Plaza
P.O. Box 2012
Port Hawkesbury, NS B0E 2V0
Tel: (902) 625-0803

Sydney:
196 George St.
Federal Arts Bldg., 2nd floor
Sydney, NS B1P 1J3
Tel: (902) 564-7002

Yarmouth:
248 Pleasant St.
P.O. Box 850
Yarmouth, NS B5A 4K5
Tel: (902) 742-6860
Website: www.tc.gc.ca/atl/

St. John Ambulance Training Offices
Headquarters for Nova Scotia Council
88 Slayter Street
Dartmouth, NS B3A 2A6
Tel: 463-5646
Fax: 469-9609
Website: www.stjohnambulance.ns.ca

Canadian Red Cross
1940 Gottingen Street
Halifax, NS B3J 3Y2
Tel: (902) 423-3680
Fax: (902) 422-6247
Website: www.redcross.ca
First Aid, Water Safety courses.

Provincial Government

Nova Scotia Department of Agriculture & Fisheries - Food Safety Section (Halifax)
PO Box 2223
Halifax, NS
B3J 3C4
Tel: (902) 424-1173
Fax: (902) 424-3948
Website: www.gov.ns.ca/nsaf

Nova Scotia Department of Agriculture & Fisheries - Food Safety Section (Truro)
P.O. Box 550
Truro, NS
B2N 5E3
Tel: (902) 893-7473
Fax: (902) 893-6531
Website: www.gov.ns.ca/nsaf

Nova Scotia Department of Natural Resources
P.O. Box 698
Halifax, NS
B3J 2T9
Tel: 424-5935
Fax: 424-7735
Website: www.gov.ns.ca/natr

Service Nova Scotia & Municipal Relations
1505 Barrington St., 9th Floor, South
PO Box 2271
Halifax, NS
B3J 3C8
Tel: 424-5528
Fax: 424-1298
Website: www.gov.ns.ca/snsmr

Nova Scotia Department of Environment & Labour
5151 Terminal Road
PO Box 2107
Halifax, NS
B3J 3B7
Tel: 424-5300
Fax: 424-0503
Website: www.gov.ns.ca/enla/
Public Safety Division
Occupational Health & Safety Division

Nova Scotia Office of Economic Development
P.O. Box 2311
14th floor South, Maritime Centre
1505 Barrington St.
Halifax, NS
B3J 3C8
Tel: (902) 424-0377
Fax: (902) 424-7008
Website: www.gov.ns.ca/econ

Nova Scotia Human Rights Commission (Central Office):
1690 Hollis St., 6th floor
P.O. Box 2221
Halifax, NS B3J 3C4
Tel: 1-877-269-7699
TTY: (902) 424-3139
Fax: 424-0596
Website: www.gov.ns.ca/humanrights

Nova Scotia Labour Standards
5151 Terminal Road, 7th floor
P.O. Box 697
Halifax, NS
B3J 2T8
Tel: 1-888-315-0110
Fax: 424-0648
Website: www.gov.ns.ca/enla/labstand

Nova Scotia Alcohol and Gaming Authority
40 Alderney Dr.
P.O. Box 545
Dartmouth, NS B2Y 3Y8
Tel: 424-6160
Fax: 424-4942
Website: www.gov.ns.ca/aga

Nova Scotia Utility and Review Board
Motor Carrier Division
1601 Lower Water Street, Suite 300
P.O. Box 1692
Halifax, NS
B3J 3P6
Tel: (902) 424-3588
Fax: (902) 424-3919
Website: http://www.nsuarb.ca

Nova Scotia Workers Compensation Board
Main Office (Halifax)
5668 South Street
P.O. Box 1150
Halifax, NS
B3J 2Y2
Tel: 1-800-870-3331 (Halifax)
Website: www.wcb.ns.ca

Nova Scotia Workers Compensation Board
Branch Office (Sydney)
336 Kings Rd., Suite 117
Sydney, NS
B1S 1A9
Tel: 1-800-880-0003
Website: www.wcb.ns.ca

Office of the Fire Marshal
Nova Scotia Environment & Labour
5151 Terminal Rd., 6th Floor
P.O. Box 697
Halifax, NS
B3J 2T8
Tel: 1-800-559-3473
Fax: (902) 424-3239
Website: www.gov.ns.ca/enla/ofm

Nova Scotia Transportation & Public Works
1672 Granville St.
PO Box 186
Halifax, NS B3J 2N2
Tel: 424-2297
Fax: 424-0532
Website: www.gov.ns.ca/tran

Provincial Tax Commission
P.O. Box 755
1505 Barrington St.,
8th floor, Maritime Centre
Halifax, NS B3J 2V4
Toll free: 1-800-565-2336
Tel: 424-6300
Fax: 424-0602
Web: www.gov.ns.ca/snsmr/taxcomm

Nova Scotia Registry of Joint Stock Companies
PO Box 1529
Halifax, NS
B3J 2Y4
Tel: 1-800-225-8227
Fax:(902) 424-4633
Website: www.gov.ns.ca/snsmr/rjsc
Registration of company and NUANS search of business name.

Nova Scotia Museum
Website: www. museum.gov.ns.ca

Educational/Training Resources

Cape Breton University
P.O. Box 5300
1250 Grand Lake Road
Sydney, NS B1P 6L2
Toll Free: 1-888-959-9995
Tel: 539-5300
Fax: 562-0119
Website: www.capebretonu.ca

Dalhousie University
Henry Hicks Academic Administration Building
6299 South St.
Halifax, NS B3H 4H6
Tel: 494-2211
Registrar's Office:
Tel: (902) 494-2450
Fax: (902) 494-1630
Website: www.dal.ca

Mount St. Vincent University (MSVU)
166 Bedford Highway
Halifax, NS B3M 2J6
Tel: (902) 457-6117
Fax: (902) 457-6498
Website: www.msvu.ca

Nova Scotia Community College (NSCC)
Admissions
P.O. Box 220
Halifax, NS B3J 2M4
Tel: (902) 491-4911
Toll Free: 1-866-679-6722
Fax: 424-0717
Toll Free:1-866-329-6722
Website: www.nscc.ns.ca

Saint Mary's University
923 Robie Street
Halifax, NS B3H 3C3
Tel:(902) 420-5400
Website: www.stmarys.ca

Nova Scotia Tourism Human Resource Council
1099 Marginal Road, Suite 201
Halifax, NS B3H 4P7
Tel: (902) 423-4480
Fax: (902) 422-0184
Website: www.tourismhrc.com

INDUSTRY ORGANIZATIONS/ SECTOR ASSOCIATIONS

National & International Organizations/ Associations

Canadian Association of Foodservice Professionals
1644 Bayview Ave., Ste.1219
Toronto, ON M4G 3C2
Tel: (416) 422-3431
Fax: (416) 421-1598
Website: www.cfsea.com

Canadian Culinary Federation (CCF)
700-1281West Georgia St.
Vancouver, BC V6E 3J7
Tel: (604) 681-6087
Fax: (604) 688-5749
Website: www.ccfcc.ca

Canadian Restaurant and Foodservices Association (CRFA) - Atlantic Office
5121 Sackville St., Ste. 201
Halifax, NS B3J 1K1
Tel: (902) 425-0061
Fax: (902) 422-1161
Website: www.crfa.ca

Tourism Industry Association of Canada (TIAC)
803-130 Albert Street
Ottawa, ON
K1P 5G4
Tel: 613-238-3883
Fax: 613-238-3878
Website: www.tiac-aitc.ca/

Provincial Sector Organizations/ Associations

Tourism Industry Association of Nova Scotia (TIANS)
1099 Marginal Road, Suite 201
Halifax, NS
B3H 4P7
Tel: (902) 423-4480
Fax: (902) 422-0184
Website: www.tians.org

Affiliated Associations
(Same address, phone & fax as TIANS)

Campground Owners Association of Nova Scotia (COANS)

Nova Scotia Adventure Tourism Association

Nova Scotia B&B Association

Other Industry Organizations/Associations

Canada Select (Nova Scotia)
1800 Argyle St., Ste. 603
Halifax, NS B3J 2R7
Tel: (902) 424-8929
Fax: (902) 424-0723
Website: www.canadaselect.com

Check In Nova Scotia
2695 Dutch Village Road, Suite 501
Halifax, NS B3L 4V2
Tel: 425-5781
Toll free: 1-800-565-0000
Website: www.checkinnovascotia.com
Nova Scotia Travel Information and Reservations.

Federation of Nova Scotian Heritage
1113 Marginal Rd.
Halifax, NS B3H 4P7
Tel: (902) 423-4677
Toll free: 1-800-355-6873
Fax: 422-0881
Website: www.fnsh.ns.ca

Hotel Association of Nova Scotia (HANS)
P.O. Box 473, Station M
Halifax, NS B3J 2P8
Website: www.novascotiahotels.ca

Nova Scotia Association of Chefs & Cooks
Howe Hall, 6230 Coburg Road
Halifax, NS
Tel: 494-1262

Nova Scotia Restaurant Association
1161 Hollis Street
VIA Rail Station
Halifax, NS B3H 2P6
Tel: 429-5343
Fax: 429-0659

Taste of Nova Scotia
P.O. Box 368
29 Inglis Place, 2nd Floor
Truro, NS B2N 5L5
Tel: 895-3315
Fax 895-1011

Nova Scotia Association of Unique Country Inns
Website: www.uniquecountryinns.com

Regional Tourism Industry Associations

Antigonish/Eastern Shore Tourist Association (AESTA)
RR #1 Musquodoboit Harbour, NS
B0J 2L0
Tel: 889-2362
Web: www.rewardyoursenses.com

Central Nova Tourist Association
P.O. Box 1761, 577 Prince Street
Truro, NS
B2N 5Z5
Tel: 893-8782
Fax: 893-2269
Website: www.centralnovascotia.com

Destination Cape Breton
PO Box 1448
Sydney, NS
B1P 6R7
Tel: 563-4636
Fax: 564-5422
Website: www.cbisland.com

Destination Halifax
1800 Argyle Street, Suite 802
Halifax, NS
B3J 3N8
Tel: 422-9334
Fax: 492-3175
Website: www.destinationhalifax.com

Evangeline Trail Tourist Association (ETTA)
654 West Main St.
Kentville, NS B4N 1L7
Tel: (902) 678-1728
Fax: (902) 679-1396
Toll free: 1-866-260-3882
Website: www.evangelinetrail.com

Pictou County Tourist Association (PCTA)
40 Water St.
P.O. Box 1839
Pictou, NS B0K 1H0
Tel: (902) 485-6151
Fax: (902) 485-4415
Toll free: 1-877-81-OCEAN
Web: www.tourismpictoucounty.com

South Shore Tourist Association (SSTA)
Box1390
Lunenburg, NS
B0J 2C0
Tel: 634-8844
Fax: 634-8056
Website: www.sssta.com

Yarmouth County Tourist Association
(YCTA)
Tel: 742-5355
Toll free: 1-866-850-9900
Web: www.aboutyarmouth.com

Regional Development Authorities

Antigonish Regional Development Authority
Farmer's Mutual Insurance Building,
Suite 2-1
188 Main St.
Antigonish, NS B2G 2B9
Tel: 863-3330 Fax: 863-4095
Website: www.antigonishrda.ns.ca

Cape Breton County Economic Development
Authority
338 Charlotte Street, 3rd Floor
Sydney, NS B1P 1C8
Tel: (902) 562-2201
Fax: (902) 562-2866
Website: www.cbceda.org

Colchester Regional Development Agency
P.O. Box 181, 966 Prince Street
Truro, NS B2N 5C1
Tel: 893-0140
Fax: 897-1157
Toll free: 1-866-227-6182
Website: www.corda.ca

Cumberland Regional Economic Development
Association
35 Church Street, Box 546
Amherst, NS B4H 4A1
Tel: (902) 667-3638
Fax: (902) 667-2270
Website: www.creda.net

Guysborough County Regional Development
Authority
P.O. Box 49, 46 Main Street
Guysborough, NS B0H 1N0
Tel: 533-3731
Fax: 533-2064
Toll free: 1-800-355-3731
Website: www.gcrda.ns.ca

Halifax Regional Development Agency
11 Glendale Drive, Unit 9
Lower Sackville, NS B4C 3P2
Tel: 869-4040
Fax: 869-4091 Toll Free 1-800-650-0039
Website: www.hrda.ns.ca

Hants Regional Development Authority
Box 2313
Windsor, NS B0N 2T0
Tel: (902) 798-2284
Enfield Office: (902) 883-3338
http://www.hantscounty.com

Straits Highlands Regional Development Authority
P.O. Box 2200
32 Paint St.
Port Hawkesbury, NS B0E 2V0
Tel: 625-3929
Fax: 625-1559
Website: www.strait-highlands.ns.ca

Kings Community Economic Development Agency
28 Aberdeen Street, Ste. #5
Kentville, NS B4N 2N1
Tel: (902) 678-2298
Fax: (902) 678-2324
Website: www.kingsced.ns.ca

Pictou Regional Development Commission
Business Service Centre
980 East River Road
New Glasgow, NS B2H 3S5
Tel: (902) 752-6159
Toll Free: 1-888-412-0072
Fax: (902) 755-2722
Web: www.wearepictoucounty.com

South West Shore Development Authority
P.O. Box 131
Yarmouth, NS B5A 4B1
Tel: (902) 742-3210
Fax: (902) 742-3107
Website: www.swsda.com

Western Valley Development Authority
P.O. Box 278
86 Atlantic Ave.,
Cornwallis Park, NS B0S 1H0
Tel: (902) 638-8100
Fax: (902) 638-8101
website: www.wvda.com

Travel Trade Organizations

Canada

Association of Canadian Travel Agencies (ACTA)
130 Albert Street, Suite 1705
Ottawa, ON K1P 5G4
Tel: 613-237-3657
Fax: 613-237-7052
Website: www.acta.ca

Canadian Bus Association (CBA)
451 Daly Avenue
Ottawa, ON K1N 6H6
Tel: 613-238-1800
Fax: 613-241-4936
Website: www.buscanada.ca

Ontario Motor Coach Association (OMCA)
4141 Yonge Street, Suite 306
Toronto, ON M2P 2A8
Tel: 416-229-6622
Fax: 416-229-6281
Website: www.omca.com

United States

American Bus Association (ABA)
700 13TH St., NW, Suite 575
Washington, DC
20005-5923
Tel: 202-842-1645
Toll free: 1-800-283-2877 (US and Canada)
Fax: 202-842-0850
Website: www.buses.org

American Society of Travel Agents (ASTA)
1101 King St., Suite 200
Alexandria, VA 22314
Tel: 703-739-2782
Fax: 703-684-8319
Website: www.astanet.com

Group Leaders of America, Inc. (GLAMER)
P.O. Box 129
Salem, OH 44460
Tel: 1-800-628-0993
Fax: 330-337-1118
Website: www.glamer.com

International Association of Convention &
Visitor Bureaus
2025 M Street, NW Suite 500
Washington, DC
20036
Tel: 202-296-7888
Fax: 202-296-7889
Website: www.iacvb.org

CrossSphere (formerly NTA)
546 E. Main Street
Lexington, KY
40508
Tel: 606-226-4444
Toll free: 1-800-682-8886
Fax: 606-226-4414
Website: www.crosssphere.com

Travel Industry Association
1100 New York Avenue, NW, Suite 450
Washington, DC
20005-3934
Tel: 202-408-8422
Fax: 202-408-1255
Website: www.tia.org

Travel and Tourism Research Association
(TTRA)
PO Box 2133
Boise, ID
83701-2133
Tel: 208-853-2320
Fax: 208-853-2369
Website: www.ttra.com

United States Tour Operators Association
(USTOA)
275 Madison Avenue, Suite 2014
New York, NY
10016
Tel: 212-599-6599
Fax: 212-599-6744
Website: www.ustoa.com

APPENDIX VI

emerit Standards and Certification

APPENDIX VI

emerit STANDARDS AND CERTIFICATION

The Nova Scotia Tourism Human Resource Council (http://www.tourismhrc.com) is a national partner of the Canadian Tourism Human Resource Council and has been actively involved in the development of National Occupational Standards for various occupations in the tourism industry, and is also the certifying body for non-apprenticeable trades in Nova Scotia. As well, the NSTHRC is the local partner for emerit, "Canada's best tourism training tools". emerit offers flexible learning options including on-line accessibility and traditional workbooks. This allows for self-directed learning of specific skill based modules and also permits individuals to challenge full certification.

Standards

Standards presently (2005) exist for 49 occupations. These are listed on the following page.

What are Standards?

Standards are statements outlining the attitude, knowledge, and skills required of an individual in order to be considered competent in an occupation. Standards clarify expectations and can be used to design consistent training, education, and professional development programs.

How are Standards Developed?

The Standard development process is based on the philosophy that the tourism industry must determine its own direction. The individuals best suited to determine the content of the Standards are those directly involved in the occupation. The mandate of the Nova Scotia Tourism Human Resource Council is to bring together business, labour, education, and training, and other stakeholders to define the standards and to ensure that they guide education and training.

Standards for a specific occupation become National once seven provinces or territories and one national association validate and accept them.

Who Benefits from Standards?

Eventually, everyone in contact with the tourism industry will benefit from the evaluation of performance in relation to industry Standards. As Standards gain recognition, industry professionals will maintain or increase personal skills, resulting in direct benefits to local and visiting consumers.

National Product List www.emerit.ca

NATIONAL WORKBOOKS

	PRICE	ENG	FRE
Bartender	75.00		
Campground Operator	75.00		
Entry Level Cook	75.00		
Food and Bevarage Manger Set	275.00		
Food and Beverage Server	75.00		
Freshwater Angling Guide	75.00		
Front Desk Agent	75.00		
Guest Services Attendant	75.00		
Heritage Interpreter	75.00		
Housekeeping Room Attendant	75.00		
Hunting Guide	75.00		
Local Tour Guide	75.00		
Reservations Sales Agent	75.00		
Retail First Level Manager	75.00		
Retail Sales Associate	100.00		
Sales Manager	75.00		
Special Events Coordinator	75.00		
Special Events Manager	75.00		
Supervisory Skills (set of 4)	275.00		
Tour Director	75.00		
Tourism Essentials	75.00		
Tourism Visitor Information Counsellor	75.00		
Travel Counsellor	75.00		N/A

TRAINER'S GUIDES FOR WORKBOOKS

	PRICE	ENG	FRE
Bartender/ Food and Beverage Server	150.00		
Food and Beverage Manager	150.00		
Front Desk Agent	150.00		
Guest Services Attendant	150.00		
Heritage Interpreter	150.00		
Housekeeping Room Attendant	150.00		
Local Tour Guide/Tour Director	150.00		
Reservations Sales Agent	150.00		
Sales Manager	150.00		
Tourism Visitor Information Counsellor	150.00		
Tourism Essentials	150.00		

CAREER PLANNING RESOURCES

	PRICE	ENG	FRE
Career Awareness Video	27.50		
Career Expo Manual	45.00		
Career Planning Guide (Updated)	35.00		
The Student's Travel Map: 2002 (Updated)	35.00		
Tourism – A World of Opportunity (CD-Rom)	25.00		

HUMAN RESOURCE BUSINESS TOOLS

	PRICE	ENG	FRE
Aboriginal Tourism - A Business Guide	25.00		
Performance First Series:	155.00		
Great Performances	25.00		
Less Talk, More Communication	25.00		
Making Training Work	25.00		
One-on-One Training	25.00		
Predicting Performance	25.00		
Setting the Stage	25.00		
Winning Ways	25.00		
Business Builders Series:	160.00		
Developing an Operational Plan	20.00		
Developing Your Business Profile	20.00		
Getting Your Business Market Ready	30.00		
Management and Labour Relations	30.00		
Managing Your Business Finances	20.00		
Marketing Essentials for Small Business	20.00		
Sales Forecasting	20.00		
Shaping Your Business Strategy	20.00		
HR Tool Kit	195.00		
Performance Paks (ELC,HRA, FDA, FBS, TVIC)	25.00		

To order please visit www.emerit.ca or contact 1.800.486.9158.

OCCUPATIONAL STANDARDS

	PRICE	ENG	FRE
Bartender	40.00		
Beverage Services Manager	40.00		N/A
Banquet Server	40.00		
Banquet Manager	40.00		
Campground Operator	40.00		
Catering Manager	40.00		
Casino Dealer	40.00		
Casino Slot Attendant	40.00		
Catering Manager	40.00		N/A
Director of Sales and Marketing	40.00		N/A
Door Staff	40.00		
Food & Beverage Manager	40.00		
Food & Beverage Server	40.00		
Foodservice Counter Attendant	40.00		N/A
Freshwater Angling Guide	40.00		
Front Desk Agent	40.00		
Golf Club General Manager	40.00		
Guest Services Attendant	40.00		
Heritage Interpreter	40.00		
Housekeeping Room Attendant	40.00		
Hunting Guide	40.00		
In-room Dining Server	40.00		
Kitchen Helper	40.00		
Line Cook	40.00		N/A
Local Tour Guide	40.00		
Night Auditor	40.00		
Outdoor Adventure Guide	40.00		
Professional Cooking	80.00		
Reservations Sales Agent	40.00		
Retail First Level Manager	40.00		N/A
Retail Sales Associate	40.00		N/A
Sales Manager	40.00		
Ski Area/Resort Occupational Guidelines	85.00		
Small Business Owner/Operator	40.00		
Snowmobile Operations	40.00		
Special Events Coordinator	40.00		
Special Events Manager	40.00		
Supervisory Skills	40.00		
Taxicab Driver	40.00		
Ticket Agent	40.00		
Tour Guide/Director	40.00		
Tour Operator	40.00		
Tourism Small Business Owner/Operator	40.00		N/A
Tourism Trainer	40.00		
Tourism/Visitor Information Counsellor	40.00		
Tourism/Visitor Information Supervisor	40.00		
Travel Counsellor	40.00		
Transferable Skills	40.00		
Wine Service	40.00		

ON-LINE TRAINING

	PRICE	ENG	FRE
Bartender (Bundle)	125.00		
Modules	25.00		
Food and Beverage Server (Bundle)	125.00		
Modules	25.00		
Front Desk Agent (Bundle)	125.00		
Modules	25.00		

For Service Professionals, Standards:

- Identify career paths;
- Identify the skill and knowledge needed
- Enhance the public image of occupations;
- Provide a basis for challenge, self-improvement, and advancement;
- Provide the basis for certification based on competent performance.

For Employers and Owners, Standards:

- Define area where employees must be proficient, which assists in recruiting, training, and development of staff. It is important to understand that Standards are not a training program or a training manual in themselves; they do not specify learning objectives, learning activities or evaluation methods. To serve as a training tool, the Standards need to be translated into a learning experience with detailed objectives, activities, and evaluations.

- They can be used to create job descriptions and conduct performance evaluations, as well as to develop and enhance training programs

- Provide employers with a highly trained workforce, which can increase productivity and decrease costs incurred by staff turnover.

For Educators, Standards:

- Provide the basis for curriculum and program development;
- Identify areas of industry where educational expertise is needed and applicable.

For Students, Standards:

- Promote the tourism/hospitality industry as a viable and fulfilling career choice;
- Identify career options within the industry.

For the General Public, Standards:

- Increase the level of professionalism of employees in the tourism/hospitality industry. This results in a higher level of service to customers and a better image of the industry.

Many Standards are available in a Workbook that is a self-study guide including all the Standards as well as exercises, performance reviews and self-tests. The Workbooks are available through the Nova Scotia Tourism Human Resource Council and can be ordered on-line from their web site.

National Certification

What is National Certification?

National Certification is a three step process. Professionals who achieve National Certification will be recognized across Canada for meeting industry requirements in their selected occupation. The candidate must be employed in the occupation and must have achieved a minimum number of hours work experience (varies depending on the occupation) prior to completing certification.

Candidates may challenge the knowledge component (i.e. the written examination) of the process at any time with no prerequisite. Study materials are recommended to assist in achieving optimal results.

The Certification process is as follows:

Step 1: Written Examination

The examination tests the candidate's familiarity with the knowledge component of the Standards. If unsuccessful, re-testing may be arranged. Oral examinations are available in special circumstances. Some certification exams are available on-line.

Step 2: Performance Review

The Performance Review is derived from the Standards and enables the candidate to practice performance skills on-the-job. The candidate is encouraged to practice the skills outlined in the Standards using the Performance Review as a guide. The review can be completed as it best suits the candidate's situation, but it is recommended that a candidate work together with his or her supervisor or a certified peer to complete it. The supervisor/certified peer can provide feedback for those skills which may need improvement.

When the candidate is ready to have his or her performance skills evaluated, the candidate contacts the Certification Team and requests an Industry Evaluation. In addition, the candidate must have a minimum number of hours experience (varies by occupation) before the Industry Evaluation can be conducted.

Step 3: Industry Evaluation

A trained evaluator observes the candidate on-the-job to ensure the candidate possesses the essential competencies of the occupation as established by the industry.

Certification

The Certification Team reviews the file to ensure that all requirements have been met. The successful candidates receive a certificate, a pin, and the Industry Evaluation comments. Unsuccessful candidates receive the Industry Evaluation comments and are encouraged to reapply.

Guides in the Series

A Guide to Starting & Operating
a Commercial or Community Attraction

A Guide to Starting & Operating
an Adventure Tourism Business

A Guide to Starting & Operating
a Retail Tourism Business

A Guide to Community Tourism Planning

A Guide to Starting & Operating
an Accommodation Business

A Guide to Starting & Operating
a Campground Business

A Guide to Starting & Operating
a Restaurant Business

A Guide to Starting & Operating
a Local Sightseeing Tour Business

A Guide to Starting & Operating
a Receptive Tour Operator Business

A Guide to Starting & Operating
a Local Visitor Information Centre

A Guide to Planning & Hosting
a Community Festival or Event

A Guide to Marketing Your
Nova Scotia Tourism Business

Guides are available by visiting
www.gov.ns.ca/dtc/tourism/tourism_devguides.asp

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